PIMCO Canada Corp.

Simplified Prospectus

January 9, 2026

Offering Series A, Series F and ETF Series units of:

PIMCO Managed Balanced Portfolio

No securities regulatory authority has expressed an opinion about these units. It is an offence to claim otherwise.

The Fund and the units it offers under this simplified prospectus are not registered with the U.S. Securities and Exchange Commission. Units of the Fund may be offered and sold in the United States only in reliance on exemptions from registration.

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Introduction

This simplified prospectus describes PIMCO Managed Balanced Portfolio (the "Fund") offered by PIMCO Canada Corp. ("PIMCO Canada" or the "Manager"). The Fund provides access to the professional investment advisory services of the PIMCO group. PIMCO Canada, as the adviser to the Fund, has retained Pacific Investment Management Company LLC ("PIMCO") as the sub-adviser to the Fund. In this document, *we*, *us*, and *our* refer to PIMCO Canada (and where the context requires, PIMCO) and *you* refers to the registered or beneficial owner of a unit of the Fund.

PIMCO Canada also offers other mutual funds in different simplified prospectuses. Those other mutual funds and the Fund are together referred to as the "PIMCO Canada Funds" and individually as a "PIMCO Canada Fund".

This simplified prospectus contains selected important information to help you make an informed investment decision about the Fund and to understand your rights as an investor. It's divided into two parts. The first part, from pages 2 through 40, contains general information applicable to the Fund. The second part, from pages 41 through 79, contains specific information about the Fund offered for sale under this simplified prospectus.

Series A and Series F are collectively referred to as the "Mutual Fund Series" and ETF Series is referred to as the "Exchange Traded Series".

No ETF Dealer (as defined below) or Designated Broker (as defined below) has been involved in the preparation of this simplified prospectus or has performed any review of the contents of this simplified prospectus and, as such, the ETF Dealers and the Designated Brokers do not perform many of the usual underwriting activities in connection with the distribution by the Fund of its Exchange Traded Series units under this simplified prospectus.

Additional information about the Fund is or will be available in its most recently filed fund facts or its most recently filed ETF facts, as applicable, its most recently filed annual and interim financial statements and its most recently filed annual and interim management reports of fund performance. These documents are incorporated by reference into this simplified prospectus. That means they legally form part of this simplified prospectus just as if they were printed in it.

You can get a copy of the Fund's fund facts, ETF facts, and, once available, financial statements and management reports of fund performance, at your request, and at no charge, by calling toll-free 1-877-506-8126 (416-506-8187 in Toronto), by submitting an inquiry form through the PIMCO Canada contact portal available at www.pimco.ca, or by asking your dealer. These documents are also available on the Fund's designated website at www.pimco.ca.

These documents and other information about the Fund are also available at www.sedarplus.com.

Organization and management of the Fund

Manager

PIMCO Canada Corp.
Commerce Court West,
199 Bay Street, Suite 2050,
Toronto, Ontario M5L 1G2
1-877-506-8126
(416-506-8187 in Toronto)
www.pimco.ca

Pursuant to the Master Management Agreement (as defined below), as investment fund manager, we are responsible for the overall undertaking and operations of the Fund. This includes:

- arranging for portfolio advisory services
- providing or arranging for administrative services.

PIMCO Canada Corp. is indirectly majority owned by Allianz SE.

Executive officers and directors of PIMCO Canada Corp.

Name and Municipality of Residence	Position with PIMCO Canada Corp.
Greg Tsagogeorgas Toronto, Ontario	Director and Co-Head
Patrice Denis Montreal, Quebec	Director and Co-Head
Candice Stack California, U.S.A.	Director
David Ferrari California, U.S.A.	Director and Chief Financial Officer
Josh Ratner New York, U.S.A.	Director
Mostafa Asadi Toronto, Ontario	Senior Vice President, Head of Legal and Compliance

Greg Tsagogeorgas and Patrice Denis also are the ultimate designated persons of PIMCO Canada for Canadian securities law purposes.

Agreements between the Manager and the Fund

The Master Management Agreement may only be assigned by the Fund with the prior consent of the Manager and the Manager may assign the Master Management Agreement in respect of the Fund without the consent of the Fund, subject to compliance with applicable securities laws. Subject to compliance with applicable securities laws, the Master Management Agreement may be amended by the Manager without the approval of the Fund or its unitholders.

PIMCO Canada may terminate its role as investment fund manager or portfolio manager under the Master Management Agreement in respect of the Fund at any time by giving 90 days written notice to the Fund. PIMCO Canada may only be terminated as manager of the Fund by unitholders of the Fund given in the manner set forth in the Master Management Agreement.

The Master Management Agreement provides that the Manager is paid a management fee as compensation for its services to the Fund. See *"Fees and expenses – Fees and expenses payable by the Fund*" for a description of the management fees for management services payable by the Fund.

Fund of funds

The Fund (the "Top Fund") may invest in other investment funds, including investment funds managed by PIMCO Canada (the "underlying funds").

Where PIMCO Canada is the manager of both the Top Fund and an underlying fund, it will not vote the securities of the underlying fund held directly by the Top Fund. Instead, where applicable, PIMCO Canada may arrange for such securities to be voted by the beneficial unitholders of the Top Fund.

Portfolio adviser

PIMCO Canada Corp.
Toronto, Ontario

Pursuant to the Master Management Agreement, the portfolio adviser makes the investment decisions for the Fund, buys and sells the investments for the Fund's portfolio and manages the portfolio.

Sub-adviser

Pacific Investment
Management Company LLC
Newport Beach, California

Pursuant to the Sub-Advisory Agreement (as defined below), PIMCO Canada has retained PIMCO to provide investment advice and make the investment decisions for the Fund. PIMCO Canada is responsible for the investment advice provided by PIMCO and is responsible to the Fund for losses caused by a breach by PIMCO of the standard of care required by Canadian securities rules.

Either party may terminate the Sub-Advisory Agreement with respect to the Fund at any time by giving not less than 90 days written notice to the other. The fees of PIMCO are payable by PIMCO Canada and not by the Fund.

PIMCO is located outside of Canada, which may make it difficult to enforce legal rights against them. PIMCO indirectly owns 100% of PIMCO Canada.

Individuals at PIMCO providing advice to the Fund

Individual and Title	Role in investment decision-making process
Emmanuel S. Sharef Executive Vice President	Executive vice president and portfolio manager, focused on asset allocation strategies and the residential real estate market. Member of the Americas Portfolio Committee and has served as a rotating member of the Investment Committee.
Erin Browne Managing Director	Managing director and portfolio manager leading asset allocation strategies. Manages multi-asset strategies and serves as a member of PIMCO's Americas Portfolio Committee.
Vinayak Seshasayee Executive Vice President	Executive vice president and generalist portfolio manager leading Canadian portfolio management. Member of PIMCO's Americas portfolio committee.

Within the scope of the investment policy decisions set by the Investment Committee of PIMCO for the Fund, each of the above investment professionals will have the authority to make investment decisions on behalf of the Fund and does not require approval from a separate committee. Individuals providing advice to the Fund may also provide advice to one or more underlying funds.

Brokerage arrangements

There is generally no stated commission in the case of fixed income securities, which are traded in the over-the-counter markets, but the price paid by the Fund usually includes an undisclosed dealer commission or mark up. In underwritten offerings, the price paid by the Fund includes a disclosed, fixed commission or discount retained by the underwriter or dealer. Transactions on Canadian and U.S. stock exchanges and other agency transactions involve the payment by the Fund of negotiated brokerage commissions. Such commissions vary among different brokers. Also, a particular broker may charge different commissions according to such factors as the difficulty and size of the transaction. Transactions in foreign securities generally involve the payment of fixed brokerage commissions, which are generally higher than those in Canada or the United States.

PIMCO Canada has authorized PIMCO, as sub-adviser, to execute trades on behalf of the Fund. PIMCO places all orders for the purchase and sale of portfolio securities, options and futures contracts for the Fund and buys and sells such securities, options and futures through a substantial number of brokers and dealers, as well as automated trading platforms ("ATPs"). In so doing, PIMCO uses its best efforts to obtain for the Fund the best execution available. In seeking best execution, PIMCO, having in mind the Fund's best interests, considers all factors it deems relevant, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker-dealer (or ATP) involved and the quality of service rendered by the broker-dealer (or ATP) in other transactions. ATPs may charge fees, such as access or transaction fees, similar to commission or mark-ups.

Changes in the aggregate amount of brokerage commissions paid by the Fund from year-to-year may be attributable to changes in the asset size of the Fund, the volume of portfolio transactions effected by the Fund, the types of instruments in which the Fund invests, or the rates negotiated by PIMCO on behalf of the Fund. Although the Fund may use financial firms that sell units of the Fund to effect transactions for the Fund's portfolio, neither the Fund nor PIMCO will consider the sale of Fund units as a factor when choosing financial firms to effect those transactions.

PIMCO places orders for the purchase and sale of portfolio investments for the Fund's accounts with brokers or dealers or ATPs selected by it in its discretion. In effecting purchases and sales of portfolio securities for the account of the Fund, PIMCO will seek the best execution of the Fund's orders. In doing so, the Fund may pay higher commission rates than the lowest available when PIMCO believes it is reasonable to do so in light of the value of the brokerage and research services provided by the broker effecting the transaction, as discussed below.

PIMCO may receive research services from many broker-dealers with which PIMCO places the Fund's portfolio transactions. These services, which in some cases also may be purchased for cash, include such matters as general economic and security market reviews, industry and company reviews, evaluations of securities and recommendations as to the purchase and sale of securities. In obtaining any such services, PIMCO is required to adhere to Canadian securities laws. Such information may be provided in the form of meetings with analysts, telephone contacts and written materials. Some of these services are of value to PIMCO in advising various of its clients (including the Fund), although not all of these services are necessarily useful and of value in managing the Fund. The management fee paid by the Fund would not be reduced in the event that PIMCO and its affiliates received such services. Although PIMCO considers the research products and services it receives from broker-dealers to be supplemental to its own internal research, PIMCO would likely incur additional costs if it had to generate these research products and services through its own efforts or if it paid for these products or services itself.

PIMCO may cause the Fund to pay a broker-dealer which provides brokerage and research services to PIMCO an amount of disclosed commission or spread for effecting a securities transaction for the Fund in excess of the commission or spread which another broker-dealer would have charged for effecting that transaction.

PIMCO may purchase new issues of securities for the Fund in underwritten fixed price offerings. In these situations, the underwriter or selling group member may provide PIMCO with research in addition to selling the securities (at the fixed public offering price) to the Fund. Because the offerings are conducted at a fixed price, the ability to obtain research from a broker-dealer in this situation provides knowledge that may benefit the Fund, other clients of PIMCO, and PIMCO without incurring additional costs. As a general matter in these situations, the underwriter or selling group member will provide research credits at a rate that is higher than that which is available for secondary market transactions.

Additional information concerning PIMCO's policy regarding the allocation of brokerage transactions will be provided upon request by contacting us toll-free at 1-877-506-8126 (416-506-8187 in Toronto).

Promoter PIMCO Canada Corp. Toronto, Ontario	We have taken the initiative in founding and organizing the Fund and are, accordingly, the promoter of the Fund.
Trustee PIMCO Canada Corp. Toronto, Ontario	As trustee for the Fund, PIMCO Canada holds legal title to the assets of the Fund.
Custodian State Street Trust Company Canada Toronto, Ontario	The custodian holds the investments of the Fund and keeps them safe to ensure that they are used only for the benefit of investors. As custodian, State Street Trust Company Canada receives and holds cash, portfolio securities and other financial assets of the Fund for safekeeping. Pursuant to the Custodian Agreement (as defined below) and subject to applicable securities legislation, the custodian may appoint one or more sub-custodians to effect portfolio transactions outside of Canada. The custodian does not hold any margin or other property of the Fund which has been delivered or pledged to another party nor contract documents relating to derivative transactions.

	Either party may terminate the Custodian Agreement by giving not less than 90 days written notice to the other. The custodian is entitled to compensation for its services as agreed to by the parties. State Street Trust Company Canada is independent of PIMCO Canada.
Auditor PricewaterhouseCoopers LLP Toronto, Ontario	The auditor is an independent firm of chartered professional accountants. The firm audits the annual financial statements of the Fund. The approval of unitholders will not be obtained before making a change to the auditor of the Fund. Unitholders will be sent a written notice at least 60 calendar days before the effective date of any such change.
Registrar & Transfer Agent ***Mutual Fund Series:*** International Financial Data Services (Canada) Limited Toronto, Ontario	As registrar and transfer agent for the Mutual Fund Series, International Financial Data Services (Canada) Limited ("IFDS") makes arrangements to keep a record of all unitholders of the Mutual Fund Series, and processes orders. IFDS is independent of PIMCO Canada.
Exchange Traded Series: State Street Trust Company Canada Toronto, Ontario	As registrar and transfer agent for the Exchange Traded Series, State Street Trust Company Canada makes arrangements to keep a record of all unitholders of the Exchange Traded Series, and processes orders. State Street Trust Company Canada is independent of PIMCO Canada.

Independent review committee and fund governance

Independent review committee

1. In accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds* ("NI 81-107"), PIMCO Canada, as investment fund manager of the Fund, has established an independent review committee ("IRC") to provide independent oversight and impartial judgment on conflicts of interest involving the Fund.
2. The mandate of the IRC is to:
   - (a) review a conflict of interest matter, including any related policies and procedures, referred to it by PIMCO Canada and make recommendations to PIMCO Canada regarding whether the proposed action of PIMCO Canada in respect of the conflict of interest matter achieves a fair and reasonable result for the Fund;
   - (b) consider and approve, if deemed appropriate, PIMCO Canada's decision on a conflict of interest matter that PIMCO Canada refers to the IRC for approval; and
   - (c) perform such other duties and provide such other recommendations and approvals as may be required or permitted under applicable securities laws.

Set out below is a list of the individuals who comprise the IRC for the Fund. Each member of the IRC is independent of us, our affiliates and the Fund.

Name and Municipality of Residence	Background Information
Barbara Macpherson Oakville, Ontario	Barbara has 25 years of experience in Canadian banking, global custodian and financial intermediary positions, as well as in corporate strategy and management consulting roles. Most recently, she led the Canadian client coverage and business development function for a leading bond rating agency.
Neil Gross Mississauga, Ontario	Neil advises regulatory agencies and securities commissions about investor protection initiatives. Formerly a litigation lawyer and executive director of FAIR Canada, he currently serves on the board of a portfolio management firm and on IRCs for several investment funds.
Paul Manias Toronto, Ontario	Paul has over 25 years investment and legal experience in both the U.S. and Canada. He is currently the General Partner & Co-Head of a ClimateTech fund and is also a Special Advisor to a multi-asset investment firm in the area of climate resilient infrastructure. In addition to serving on the IRC of PIMCO Canada, he serves as a member of several other IRCs and as a director of a number of private companies.

The IRC prepares, for each financial year of the Fund, a report to unitholders that describes the IRC and its activities for the financial year. Unitholders can get a copy of this report, at no cost, by visiting the PIMCO Canada designated website at www.pimco.ca, by calling toll-free 1-877-506-8126 (416-506-8187 in Toronto), by visiting www.sedarplus.com, or by submitting an inquiry form through the PIMCO Canada contact portal available at www.pimco.ca.

In certain circumstances, in place of you approving a fund merger, the IRC has been permitted under securities legislation to approve a fund merger. In these circumstances, you will receive written notice of any proposed fund merger at least 60 days prior to the effective date of the merger.

Codes of ethics

As described in this document, PIMCO Canada is a member of the PIMCO group. As such, PIMCO Canada adheres to the PIMCO group Code of Business Conduct and the Code of Ethics (together, the “Code”). The Code sets out general good business practices as well as specific rules in dealing with conflicts of interest, confidential information and insider trading. A breach of any of the provisions of the Code is grounds for warning, revisions of responsibilities, suspension or dismissal, with or without notice, depending on the particular circumstances.

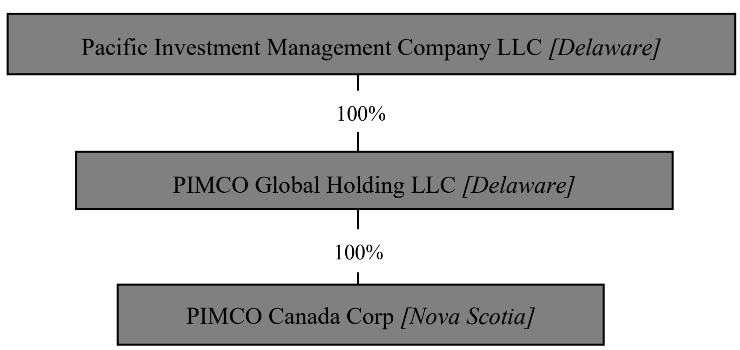
Liquidity risk management program

PIMCO Canada has adopted and implemented a liquidity risk management program (the “LRM Program”) for the Fund, which is reasonably designed to assess and manage the Fund’s liquidity risk. The LRM Program is administered by the PIMCO Risk Committee, which consists of senior members from certain PIMCO business areas, such as Portfolio Risk Management, Operations, Compliance, Funds Business Group, Account Management and Portfolio Management. The Fund's "liquidity risk" is the risk that the Fund could not meet requests to redeem its units without significant dilution of the remaining investors' interests in the Fund. In accordance with the LRM Program, the Fund's liquidity risk is assessed no less frequently than annually taking into consideration a variety of factors, including, as applicable the Fund's investment strategy and liquidity of portfolio investments, cash flow projections, and holdings of cash and cash equivalents, as well as borrowing arrangements and other funding sources. Certain factors are considered under both normal and reasonably foreseeable stressed conditions. The Fund's portfolio investment is classified into one of four liquidity categories (including "highly liquid investments" and "illiquid investments") based on a determination of the number of days it is reasonably expected to take to convert the investment to cash, or sell or dispose of the investment, in current market conditions without significantly changing the investment's market value. The Fund has adopted a "Highly Liquid Investment Minimum" (or "HLIM"), which is a minimum amount of Fund net assets to be invested in highly liquid investments that are assets. The Fund's HLIM is periodically reviewed, no less frequently than annually.

Affiliated entities

As of the date of this simplified prospectus, PIMCO is the only person or company that is an "affiliated entity" of the Manager and provides services to the Fund or to the Manager in relation to the Fund. The amount of fees received from the Fund by PIMCO Canada and its affiliates that provide services to the Fund in a financial year, if any, is disclosed in the applicable audited annual financial statements of the Fund. PIMCO provides portfolio management services to the Fund, fund accounting and portfolio valuation services in connection with the Fund, and provides certain back office and administration services to the Manager. Certain of the officers and directors of the Manager are also officers and/or directors of PIMCO.

The following diagram shows the corporate relationship between the Manager and PIMCO at the date of this simplified prospectus:



Policies and practices

Derivatives policies and risk management

The Fund may use derivatives to gain exposure to financial markets or to invest indirectly in securities or other assets. When the Fund uses derivatives for purposes other than hedging, it holds enough cash or money market instruments or other permitted assets to fully cover its positions, as required by securities rules.

PIMCO Canada sets and reviews the investment objectives and overall investment policies of the Fund, which will allow for trading in derivatives. The derivative contracts entered into by or on behalf of the Fund must be in accordance with the investment objectives and strategies of the Fund and in compliance with National Instrument 81-102 *Investment Funds* ("NI 81-102").

Pursuant to the Sub-Advisory Agreement, PIMCO Canada permits PIMCO to use derivatives for the Fund under certain conditions and limitations in order to gain exposure to financial markets or to invest indirectly in securities or other assets. Such agreement also requires PIMCO to use risk management processes to monitor and measure the risks of all portfolio holdings within the Fund, including derivatives positions. See "*Risk factors – General risks of investing in the Fund – Derivatives risk*" for more information on the risks associated with the use of derivatives.

As manager of the Fund, PIMCO Canada will supervise and oversee PIMCO in the use of derivatives as investments within the Fund and PIMCO Canada has in place procedures to oversee the services provided by PIMCO to the Fund. The board of directors of PIMCO Canada receives regular reports of compliance matters and any material changes to the policies or procedures followed are highlighted in the chief compliance officer's annual report.

PIMCO is required to adhere to applicable Canadian securities laws with respect to derivatives trading on behalf of the Fund. The derivative contracts entered into by PIMCO on behalf of the Fund must also be in accordance with the investment objectives and strategies of the Fund.

Risk measurement procedures and stress tests are used to examine the Fund's portfolio under different conditions and may be used by PIMCO in connection with the Fund's use of derivatives. PIMCO may stress test the model for tracking different types of risk to determine the sensitivity of its results to assumptions and parameters used. Additional tools with many different risk metrics are utilized to manage overall portfolio risk.

Techniques that PIMCO uses to assess, monitor and control for market risk related specifically to derivatives or forward settling positions include: reviewing unsecured exposure on a daily basis, and regular reviews of counterparties used for derivatives and forward settling positions.

Short selling policies and risk management

We have put in place written policies and procedures that set out the objectives and goals for short selling and risk management procedures applicable to short selling. The chief compliance officer of PIMCO Canada is responsible for setting and reviewing the policies and procedures relating to short selling by the Fund and such policies and procedures will be reviewed annually. The board of directors of PIMCO Canada receives regular reports of compliance matters and any material changes to the policies or procedures followed are highlighted in the chief compliance officer's annual report. In addition, agreements, policies, and procedures that are applicable to the Fund relating to short selling (including trading limits and controls) will be reviewed on a periodic basis by PIMCO. The decision to effect any particular short sale will be made by PIMCO and reviewed and monitored as part of the PIMCO Canada's ongoing compliance procedures and risk control measures. Risk measurement procedures or simulations generally are not used to test the portfolios of the Fund under stress conditions.

Securities lending, repurchase and reverse repurchase transactions and risk management

To increase returns, the Fund may enter into securities lending, repurchase transactions and reverse repurchase transactions in accordance with applicable securities legislation.

In a repurchase transaction, the Fund sells portfolio securities for cash and agrees to buy them back later at a specified price with the expectation of a profit. In a reverse repurchase agreement, the Fund buys securities for cash at one price and agrees to sell them back to the same party with the expectation of a profit.

PIMCO Canada will appoint the Fund's custodian or sub-custodian to act as the agent of the Fund to enter into securities lending and repurchase transactions and, if it appoints an agent for reverse repurchase transactions, PIMCO Canada is required to appoint the Fund's custodian or sub-custodian as agent. The agency agreement will provide for the types of transactions that may be entered into by the Fund, types of portfolio assets that may be used, collateral requirements, limits on transaction sizes, permitted counterparties to the transactions and investment of any cash collateral. The agency agreement will provide for, and the agent will develop, policies and procedures which are acceptable to us and provide that securities lending, repurchase and reverse repurchase transactions will be entered into in accordance with the standard investment restrictions and practices set out above. Further, the agent will:

- ensure that collateral is provided in the form of cash, qualified securities or securities that can be converted into the securities which are the subject of the securities lending, repurchase or reverse repurchase transactions;

- value the loaned or purchased securities and the collateral every day to ensure that the collateral is worth at least 102% of the value of the securities;

- invest any cash collateral in accordance with the investment restrictions specified in the agency agreement; and

- invest no more than 50% of the total assets of the Fund in securities lending or repurchase transactions at any one time.

Repurchase and reverse repurchase transactions of the Fund will have a maximum term, before any extension or renewal, of 30 days.

We are responsible for managing the risks associated with securities lending, repurchase and reverse repurchase transactions.

Proxy voting policies and procedures

PIMCO Canada has delegated the voting of proxies of the Fund's portfolio securities to PIMCO.

PIMCO has adopted written proxy voting policies and procedures ("Proxy Policy"). It is PIMCO's policy to exercise any voting or consent rights with respect to securities held in accounts over which PIMCO has discretionary voting authority consistent with PIMCO's fiduciary obligations and applicable law. Voting or consent rights shall not include matters which are primarily decisions to buy or sell investments, such as tender offers, exchange offers, conversions, put options, redemptions, and Dutch auctions. The Proxy Policy is reasonably designed to ensure that voting and consent rights are exercised in the best interests of PIMCO's clients, including the Fund.

As a general matter, PIMCO will adhere to its fiduciary obligations for any proxies it has the authority to vote on behalf of its clients. Each proxy is voted on a case-by-case basis, taking into account relevant facts and circumstances. When considering client proxies, PIMCO may determine not to vote a proxy in limited circumstances. Proxies generally describe corporate action-consent rights (relative to fixed income securities) and proxy voting ballots (relative to fixed income or equity securities) as determined by the issuer or custodian.

Equity securities

The term "equity securities" means common and preferred stock, including common and preferred shares issued by investment companies; it does not include debt securities convertible into equity securities.

PIMCO has retained an Industry Service Provider ("ISP") to provide research and voting recommendations for proxies relating to equity securities in accordance with the ISP's guidelines. By following the guidelines of an ISP, PIMCO seeks to mitigate potential conflicts of interest PIMCO may have with respect to proxies covered by the ISP.

PIMCO will follow the recommendations of the ISP unless: (i) the ISP does not provide a voting recommendation; or (ii) a portfolio manager or analyst decides to override the ISP's voting recommendation. In each case as described above, PIMCO's Legal and Compliance department will review the proxy to determine whether an actual or potential conflict of interest exists. When the ISP does not provide a voting recommendation, the relevant portfolio manager or analyst will make a determination regarding how, or if, the proxy will be voted by completing required documentation.

Fixed income securities

Fixed income securities can be processed as proxy ballots or corporate action-consents at the discretion of the issuer/custodian. When processed as proxy ballots, the ISP generally does not provide a voting recommendation and their role is limited to election processing and recordkeeping. When processed as corporate action-consents, PIMCO's Legal and Compliance department will review all election forms to determine whether an actual or potential conflict of interest exists with respect to the portfolio manager's consent election. PIMCO's Credit Research and Portfolio Management Groups are responsible for issuing recommendations on how to vote proxy ballots and corporation action-consents with respect to fixed income securities.

Additional oversight

The Fund has obtained from its IRC a standing instruction regarding conflicts of interest in proxy voting based on the Proxy Policy. The Proxy Policy includes procedures to identify conflicts of interest. In all cases where there is an actual or apparent conflict of interest, proxies are to be voted in a manner consistent with, and uninfluenced by considerations other than, the best interest of the Fund and its unitholders. As part of its oversight, PIMCO Canada monitors PIMCO's compliance with the Proxy Policy in respect of the Fund.

If the Fund invests in securities of another mutual fund, PIMCO will vote the securities the Fund holds in the underlying fund unless the underlying fund is managed by PIMCO Canada. PIMCO will not vote the securities the Fund holds in another PIMCO Canada Fund. PIMCO may arrange for the unitholders of the Fund to vote the units of the underlying PIMCO Canada Funds held by the Fund where appropriate to do so in the circumstances.

The Fund is considered to have received a solicitation at the time it or PIMCO has received notice at its offices. In the event that PIMCO does not receive a solicitation within sufficient time to execute a vote or the proxy is not submitted to the issuer in the time required, the Fund will not be able to vote on the matters solicited.

A summary of the policies and procedures that the Fund follows when voting proxies relating to portfolio securities are available upon request, at no cost, by calling toll free 1-877-506-8126 (416-506-8187 in Toronto) or by writing us at PIMCO Canada Corp., Commerce Court West, 199 Bay Street, Suite 2050, Toronto, Ontario M5L 1G2. The proxy voting record for the Fund for the most recent 12-month period ended June 30 of each year will be available at no cost to any unitholder of the Fund upon request at any time after August 31 of that year by calling or writing at the telephone number and address provided above or by visiting the Fund's designated website at www.pimco.ca.

Remuneration of directors, officers and trustees

Independent review committee

As required by securities regulations, the PIMCO Canada Funds pay the expenses of the IRC, which include fees and expenses of IRC members. Each member of the IRC receives an annual retainer and is reimbursed for reasonable expenses incurred. The chair of the IRC receives $43,057, and each of the other IRC members receives $33,831 as an annual retainer for their services. The IRC meets three times a year. The annual fees are determined by the IRC and are disclosed in its annual report to unitholders of the Fund. The aggregate amount of fees and expenses paid or payable by the Fund during the financial year of the Fund ending on December 31, 2026 for the services of the members of the IRC for the Fund will be the Fund's proportional share (on the basis of net asset value) of the total fees payable by all of the PIMCO Canada Funds managed by PIMCO Canada for which the IRC provides oversight.

Material contracts

The material contracts that have been entered into by the Fund are described below. You can review a copy of these documents during business hours on any business day at our head office at Commerce Court West, 199 Bay Street, Suite 2050, Toronto, Ontario M5L 1G2.

Material contracts common to all PIMCO Canada Funds

1. Master Management Agreement between PIMCO Canada, as settlor and manager, and the PIMCO Canada Funds dated as of January 4, 2011, as amended from time to time (the "Master Management Agreement").

2. Master Investment Sub-Advisory Agreement between PIMCO Canada and PIMCO, dated as of January 4, 2011, as amended from time to time (the "Sub-Advisory Agreement").

3. Master Custodian Contract between State Street Trust Company Canada and PIMCO Canada as manager of the PIMCO Canada Funds dated January 4, 2011, as amended from time to time (the "Custodian Agreement").

See "*Organization and management of the Fund*" for the particulars of each of the above-listed Material Contracts.

Declaration of Trust

1. Master Declaration of Trust made by PIMCO Canada dated as of January 2, 2026 (the "Declaration of Trust").

The Fund is governed by the Declaration of Trust, as amended from time to time.

Certain amendments to the Declaration of Trust governing the Fund, such as a change in the fundamental investment objectives of the Fund, or any other change for which the approval of unitholders is required by securities regulatory authorities or pursuant to the relevant Declaration of Trust, may not be made without the approval of a majority of votes cast at a meeting of unitholders duly called for that purpose. All other amendments to the Declaration of Trust may be made by the trustee, without unitholder approval.

Pursuant to the Declaration of Trust, where the trustee resigns, is removed or is otherwise incapable of acting, a successor trustee can be appointed by the Manager of the Fund without the approval of the unitholders. If the Manager fails to appoint a new trustee, provision is made in the Declaration of Trust for the unitholders to appoint a successor trustee.

PIMCO Canada, as manager of the Fund, may terminate the Fund at any time by giving written notice to each unitholder of its intention to terminate in accordance with applicable securities legislation.

Designated website

A mutual fund is required to post certain regulatory disclosure documents on a designated website. The designated website of the Fund can be found at www.pimco.ca.

Valuation of portfolio securities

How much the Fund is worth is called its "net asset value". For purposes of calculating the net asset value of the Fund and each of its series, portfolio securities and other assets for which market quotations are readily available are valued at market value. A market quotation is readily available only when that quotation is a quoted price (unadjusted) in active markets for identical investments that the Fund can access at the measurement date, provided that a quotation will not be readily available if it is not reliable. Market value is generally determined on the basis of official closing prices or the last reported sales prices. The Fund will normally use pricing data for domestic equity securities received shortly after the TSX Close (as defined below) and do not normally take into account trading, clearances or settlements that take place after the TSX Close. A foreign equity security traded on a foreign exchange or on more than one exchange is typically valued using pricing information from the exchange considered by PIMCO to be the primary exchange. If market value pricing is used, a foreign equity security will be valued as of the close of trading on the foreign exchange, or the TSX Close, if the TSX Close occurs before the end of trading on the foreign exchange. Investments for which market quotations are not readily available are valued based on quotes obtained from established market makers or prices (including evaluated prices) supplied by the Fund's approved pricing services, quotation reporting systems and other third-party sources (together, "Pricing Sources").

Domestic and foreign fixed income securities, non-exchange-traded derivatives, and equity options are normally valued on the basis of quotes obtained from brokers and dealers or Pricing Sources using data reflecting the earlier closing of the principal markets for those securities. Prices obtained from Pricing Sources may be based on, among other things, information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Certain fixed income securities purchased on a delayed-delivery basis are marked to market daily until settlement at the forward settlement date. Common shares, exchange-traded funds, exchange-traded notes and financial derivative instruments, such as futures contracts, rights and warrants, or options on futures that are traded on a national securities exchange, are stated at the last reported sale or settlement price on the day of valuation. Exchange-traded options, except equity options, futures and options on futures are valued at the settlement price determined by the relevant exchange. Swap agreements are valued on the basis of bid quotes obtained from brokers and dealers or market-based prices supplied by Pricing Sources. With respect to any portion of the Fund's assets that are invested in one or more investment funds (other than exchange-traded funds), the Fund's net asset value will be calculated based upon the net asset values of such investments.

Certain securities or investments for which daily market quotations are not readily available may be valued, pursuant to guidelines established by the Manager, with reference to other securities or indices. Other securities for which market quotes are not readily available are valued at fair value as determined in good faith by the Manager or persons acting at their direction.

Investments valued in currencies other than the Canadian dollar are converted to Canadian dollars using exchange rates obtained from Pricing Sources. As a result, the net asset value of the Fund may be affected by changes in the value of currencies in relation to the Canadian dollar.

The value of securities traded in markets outside Canada or denominated in currencies other than the Canadian dollar may be affected significantly on a day that the Toronto Stock Exchange("TSX") is closed and an investor is not able to purchase, redeem or exchange securities.

Securities are valued as of the TSX Close on each day that the TSX is open. For purposes of calculating the net asset value of the Fund, the Fund will normally use pricing data for domestic fixed income securities that reflects the closing of principal markets for those securities.

Foreign securities are normally priced using data reflecting the earlier closing of the principal markets for those securities. Information that becomes known to the Fund or its agents after the net asset value has been calculated on a particular day will not generally be used to retroactively adjust the price of a security or the net asset value determined earlier that day.

In unusual circumstances, instead of valuing securities in the usual manner, the Fund may value securities at fair value or estimate their value as determined in good faith by the Manager, generally based upon methodologies approved by the Pricing Committee of PIMCO (for example, if trading in a security was halted because of significant negative news about a company, vendor pricing is not available or vendor pricing does not reflect the fair market value of the security). Fair valuation may also be used if extraordinary events occur after the close of the relevant market but prior to the TSX Close.

The Fund is valued in Canadian dollars.

Calculation of net asset value

When the Fund calculates its net asset value, it determines the market value of all of its assets and subtracts all of its liabilities. Separate net asset values are calculated for each series of the Fund at the end of each day based on each series' share of the Fund's net asset value as determined in accordance with the Fund's Declaration of Trust. The series net asset value per unit ("net asset value per unit") is calculated daily by dividing (i) the amount equal to the value of that series' share of assets of the Fund, less that series' share of the common expenses of the Fund and less that series' specific expenses by (ii) the total number of units of that series outstanding at such time. A unit's net asset value is very important because it is the basis on which units of the Fund are purchased and redeemed. The net asset value per unit of the Fund varies from day to day. The Fund calculates the net asset value of the units generally as of the close of regular trading (normally 4 p.m., Eastern time) (the "TSX Close") on each Valuation Date (defined below). Every day that the TSX is open for trading or each other day required for tax, accounting or distribution purposes of each year is a "Valuation Date". If redemptions are suspended in accordance with applicable securities rules, calculation of the net asset value per unit may also be suspended.

Hedging and other derivatives transactions will be clearly attributable to a specific series. The costs and gains/losses of these transactions will accrue solely to the relevant series and will be reflected in the net asset value per unit of that series. However, investors should note that there is no segregation of liability between series of units. Unitholders therefore are exposed to the risk that hedging transactions undertaken in one series may impact unfavorably the net asset value of another series.

The Manager will make available the net asset value of the Fund and the net asset value per unit for each series of the Fund on the Fund's website at www.pimco.ca. Such information will also be available on request, free of charge, by calling the Manager toll free at 1-877-506-8126 (416-506-8187 in Toronto) or by mailing PIMCO Canada Corp., Commerce Court West, 199 Bay Street, Suite 2050, Toronto, Ontario M5L 1G2.

Purchases, switches and redemptions

Series of units

Units of the Fund are offered for sale on a continuous basis and for each series, at their net asset value per unit from time to time, computed in the manner described under "*Valuation of portfolio securities*" and "*Calculation of net asset value*".

Each series of units is intended for different kinds of investors as follows:

Series A: Series A units are available to all investors, other than investors who invest through a discount brokerage account, and may be purchased from dealers qualified in your province or territory.

Series F: Series F units are for investors who are participants in a fee-for-service or wrap account program sponsored by certain registered dealers or investors investing through their discount brokerage accounts. Series F units can be purchased under this simplified prospectus only through your registered representative who has obtained the consent of PIMCO Canada to offer Series F units or through discount brokerage accounts. Participation in the offering of Series F units by a registered dealer is subject to terms and conditions relating to the distribution of Series F units, including the requirement of your registered representative to notify PIMCO Canada if you are no longer enrolled in the fee-for-service or wrap account program or with the discount broker.

If PIMCO Canada is notified that you no longer meet the eligibility criteria, we will redeem or reclassify your Series F units in accordance with the instructions from your registered representative. In the absence of instructions, we may automatically redeem your Series F units or reclassify them to Series A units. A redemption is a disposition for tax purposes and may result in a capital gain or capital loss, which will be taxable if you hold your units in a non-registered account. See "*Income tax considerations – Income tax considerations for investors*" for more details.

ETF Series: ETF Series units are available to investors that purchase such units over the TSX or another exchange or marketplace.

How to buy the Fund

Mutual Fund Series

You can open an account and place orders through registered dealers. They may charge you a sales commission or other fee. Your order must be in the proper form and include all necessary supporting documents. Your registered dealer is responsible for sending your order to us. Dealers must send orders to us on the same day that they receive completed orders from investors.

All orders for units of the Fund will be forwarded to IFDS for acceptance or rejection and the Fund reserves the right to reject any order in whole or in part. Dealers must transmit an order for units to IFDS and must make such transmittal wherever practical by courier, priority post or telecommunications facility without charge to you on the same day your completed purchase order is received. The Manager will not accept purchase orders placed by telephone or wire directly by an investor. The decision to accept or reject your purchase order will be made promptly and, in any event, within one business day of receipt of your order on behalf of the Fund. If your order is rejected, all monies received with your order will be returned to you immediately, without interest. We may reject your order if you've made several purchases and sales of the Fund within a short period of time. A fee may also be imposed for short term trading of units. See "*Purchases, switches and redemptions – Short-term trading*" for details.

The Series A and Series F of the Fund, where available, can be bought in Canadian dollars only. If we receive your order to buy, switch or redeem before 4 p.m. (Toronto time) on a business day, we'll process your order based on the price calculated that day. If we receive your order after 4 p.m. on a business day, we'll process your order based on the price calculated on the next business day. If the TSX's trading hours are shortened or changed for other regulatory reasons, we may change the 4 p.m. deadline. Your registered dealer will send you a confirmation of your order once we process it. With automatic investment or withdrawal plans, you will receive a confirmation for your first order only.

If we do not receive payment for your purchase within one business day after the purchase price is determined, we will redeem your units on the next business day. If the proceeds from the sale are more than the cost of buying the units, the Fund will keep the difference. If the proceeds are less than the cost of buying the units, we must pay the shortfall. We may collect the shortfall and any related costs from the dealer who placed the order.

Exchange Traded Series

Exchange Traded Series units of the Fund are, or will be, issued and sold on a continuous basis and there is no maximum number of Exchange Traded Series units that may be issued. ETF Series units can be bought in Canadian dollars only.

The TSX has conditionally approved the listing of the ETF Series units of the Fund on the TSX. Listing of the ETF Series units of the Fund is subject to the Fund fulfilling all of the requirements of the TSX on or before December 17, 2026. Subject to satisfying the TSX's original listing requirements, the ETF Series units of the Fund will be listed on the TSX and offered on a continuous basis, and an investor may buy or sell the ETF Series units of the Fund on the TSX or another exchange or marketplace through registered brokers and dealers in the province or territory where the investor resides.

The ticker symbol for the ETF Series units of the Fund is provided in the following table.

Fund	**Ticker Symbol**
PIMCO Managed Balanced Portfolio	PBAL

Unitholders may incur customary brokerage commissions in buying or selling Exchange Traded Series units. No fees are paid by a unitholder to the Manager or the Fund in connection with the buying or selling of Exchange Traded Series units on the TSX or another exchange or marketplace.

Issuances to Designated Brokers and ETF Dealers

We, on behalf of the Fund, have entered into a designated broker agreement with a designated broker (a "Designated Broker") pursuant to which the Designated Broker has agreed to perform certain duties relating to the Exchange Traded Series units of the Fund including, without limitation: (i) to subscribe for a sufficient number of units to satisfy the TSX's original listing requirements; (ii) to subscribe for units when cash redemptions of units occur; and (iii) to post a liquid two-way market for the trading of units on the TSX. In accordance with each designated broker agreement, we may require a Designated Broker to subscribe for Exchange Traded Series units for cash.

Generally, all orders to purchase Exchange Traded Series units directly from the Fund must be placed by a Designated Broker or an "ETF Dealer", which is a registered dealer (that may or may not be a Designated Broker) that has entered into an agreement with us authorizing the dealer to subscribe for, purchase and redeem Exchange Traded Series units of the Fund on a continuous basis from time to time.

We reserve the absolute right to reject any subscription order placed by a Designated Broker or ETF Dealer in connection with the issuance of Exchange Traded Series units. If we reject your order, we will immediately return any money received, without interest.

No fees or commissions will be payable by the Fund to a Designated Broker or ETF Dealer in connection with the issuance of Exchange Traded Series units. On the listing, issuance, exchange or redemption of Exchange Traded Series units, we may, in our discretion, charge an administrative fee to a Designated Broker or ETF Dealer to offset the expenses incurred in listing, issuing, exchanging or redeeming the units.

After the initial issuance of Exchange Traded Series units to the Designated Broker(s) to satisfy the TSX's original listing requirements, a Designated Broker or ETF Dealer may place a subscription order for a Prescribed Number of Units (and any additional multiple thereof) of the Fund on any day on which a session of the exchange or marketplace on which the Exchange Traded Series units of the Fund are listed is held (a "Trading Day"), or such other day as determined by us. "Prescribed Number of Units" means the number of ETF Series units of the Fund determined by us from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes. The cut-off time for Exchange Traded Series units of the Fund is 3 p.m. (Toronto time) on the Trading Day (the "Cut-Off Time"). We may change the Cut-Off Time in our discretion with advance notice to the Designated Brokers. Any subscription order that is received by the Cut-Off Time will be deemed to be received on the Trading Day and will be based on the net asset value per unit determined on such Trading Day. Any subscription order received after the Cut-Off Time on a Trading Day will be deemed to be received on the next Trading Day and will be based on the net asset value per unit determined on such next Trading Day.

For each Prescribed Number of Units issued, an ETF Dealer must deliver payment consisting of, in our discretion: (i) cash in an amount equal to the aggregate net asset value per unit of the Prescribed Number of Units next determined following the receipt of the subscription order; (ii) a group of securities or assets representing the constituents of, and their weightings in, the Fund (a "Basket of Securities") or a combination of a Basket of Securities and cash, as determined by us, in an amount sufficient so that the value of the securities and cash received is equal to the aggregate net asset value per unit of the Prescribed Number of Units next determined following the receipt of the subscription order; or (iii) securities other than Baskets of Securities or a combination of securities other than Baskets of Securities and cash, as determined by us, in an amount sufficient so that the value of the securities and cash received is equal to the aggregate net asset value per unit of the Prescribed Number of Units next determined following the receipt of the subscription order.

We will make available to the Designated Brokers and ETF Dealers information as to the Prescribed Number of Units and any Basket of Securities for the Fund for each Trading Day. We may, in our discretion, increase or decrease the Prescribed Number of Units from time to time.

Issuances to Designated Brokers in special circumstances

Exchange Traded Series units may also be issued by the Fund to the Designated Broker in certain special circumstances, including when cash redemptions of Exchange Traded Series units occur.

Minimum investments

The minimum amounts for Series A units and Series F units of the Fund for the initial investment and each additional investment is $50 (including pre-authorized contributions). There is no minimum initial investment amount for ETF Series units of the Fund.

We may change or waive these minimum investment amounts at any time. We may close your account if the value of your investment in the Fund drops below the minimum requirement that applies to your account.

We require that investors in Series A units and Series F units of the Fund keep at least $50 invested in the Fund. There is no minimum investment amount for ETF Series units of the Fund. For the purposes of determining whether or not an investor meets the minimum investment requirements, we will not aggregate investments from investors in the same household, from an investor's registered plan and non-registered accounts, or otherwise. If the value of the investment falls below the minimum requirement for such series, we may redeem your units and send you the proceeds. We'll give you 30 calendar days' notice before redeeming so that you can buy more units if you wish to raise the balance above the minimum.

Purchase options

Series A

When you purchase Series A units of the Fund, you may pay a sales charge at the time of purchase.

Front-end sales charge option

Series A units may only be purchased under the front end sales charge option, under which you and your registered representative negotiate the sales charge. The sales charge is deducted from the amount you invest in the Fund. The rate is up to 5%.

Series F

Series F units of the Fund have special attributes described previously. They are sold with no sales charge and any redemption fees applicable to such series will be set out in the series agreement, if any, relating to those units. Your dealer may charge you a fee when you purchase Series F units of the Fund.

Exchange Traded Series

The TSX has conditionally approved the listing of the ETF Series units of the Fund on the TSX. Listing of the ETF Series units of the Fund is subject to the Fund fulfilling all of the requirements of the TSX on or before December 17, 2026. Subject to satisfying the TSX's original listing requirements, the ETF Series units of the Fund will be listed on the TSX and offered on a continuous basis, and an investor may buy or sell the ETF Series units of the Fund on the TSX or another exchange or marketplace through registered brokers and dealers in the province or territory where the investor resides.

How to switch Funds

You can switch from the Fund to another PIMCO Canada Fund, as long as you're eligible to hold the particular series of the PIMCO Canada Fund into which you switch. The rules for buying and redeeming units also apply to switches. You cannot switch Exchange Traded Series units of the Fund for units of another PIMCO Canada Fund.

When we receive your order, we will redeem units of the Fund and then use the proceeds to buy units of the PIMCO Canada Fund you wish to switch to. A redemption is a disposition for tax purposes and may result in a capital gain or capital loss, which will be taxable if you hold your units in a non-registered account. For more information, see "*Income tax considerations – Income tax considerations for investors*".

If you switch units frequently, you may have to pay a short-term trading fee. See "*Purchases, switches and redemptions – Short-term trading*" for details.

How to reclassify your units

You can change your units of one series to another series of units of the Fund, as long as you're eligible to hold that series. This is called a reclassification. Exchange Traded Series units of the Fund may not be changed to units of another series of the Fund. If you change units of one series to another series, the value of your investment won't change (except for any fees you pay to reclassify your units), but the number of units you hold may change. This is because each series may have a different unit value. Your dealer may charge you a fee to reclassify your units.

Changing units from one series to another series of the Fund is not a disposition for tax purposes other than any units that are redeemed to pay a fee at the time of the change. For more information, see "*Income tax considerations – Income tax considerations for investors*".

Switch/reclassification fees

In addition to any applicable redemption fees, if you change a series of units of the Fund into another series of units of the Fund or switch units of the Fund to another PIMCO Canada Fund, you may pay a fee to your registered dealer of up to 2% of the net asset value being changed/switched.

If we determine that you are no longer eligible to hold Series F units and we change you out of those units to Series A units of the Fund under the front-end sales charge option, you will not be charged a change/switch fee.

You may be charged a short-term trading fee in addition to a change/switch fee if you change/switch units within certain time periods. See "*Purchases, switches and redemptions – Short-term trading*" for additional information.

How to redeem your units

Mutual Fund Series

You may choose to redeem Mutual Fund Series units of the Fund at any time. The redemption price of the units is based on the net asset value per unit of the Fund, next determined after we receive your completed redemption order. When you redeem units of the Fund, you receive the proceeds of your sale in cash. If you have not arranged for electronic transaction services, you must give us written instructions to redeem your units. You can redeem your Mutual Fund Series units by contacting your dealer who will forward your order to us for processing:

- on the same day if we receive your redemption order before 4 p.m. Toronto time on a business day, or
- on the next business day in all other cases.

The Fund may charge you a short-term trading fee if you redeem your units within seven calendar days of buying them. See "*Purchases, switches and redemptions – Short-term trading*" for details.

The following is a summary of the procedure that you must follow when submitting a redemption order. The Manager, however, may from time to time adopt additional permissible procedures and, if so, will advise all affected unitholders of such procedures.

Unless PIMCO Canada and your dealer have arranged otherwise, we'll send your payment to you by cheque or wire payment within one business day of receiving your properly completed order. If you are redeeming units that were subscribed for in Canadian dollars, you'll receive payment in Canadian dollars. If you are redeeming units that were subscribed for in U.S. dollars, the Fund will pay the redemption proceeds in U.S. dollars.

If you are redeeming more than $25,000 of the Fund, your signature must be guaranteed by your bank, trust company or registered dealer. In some cases, we may require other documents or proof of signing authority. You can contact your registered representative or us to find out the documents that are required to complete the sale.

If we haven't received all the required documents within 10 business days of receiving your redemption order, we'll issue the same number of securities on the 10th business day after the redemption request. If the issue price is less than the sale proceeds, the Fund will keep the difference. If the issue price is more than the sale proceeds, your registered dealer must pay the shortfall. Your registered dealer may have the right to collect it from you. The Fund is entitled to collect such amount together with its costs and interest thereon from dealers placing the redemption order and those dealers may collect such amounts from the investor who failed to provide the duly completed redemption order.

All redemption orders will be processed in the order in which they are received. Redemption orders involving transfers to or from registered plans (defined below) may incur delays if the transfer documents are not completed in the sequence prescribed by Canada Revenue Agency ("CRA"), and release of the sale proceeds cannot be made by the Fund until all administrative procedures involved with such registered plans are complete.

Exchange Traded Series

Redemption of Exchange Traded Series units in any number for cash

You may choose to redeem Exchange Traded Series units of the Fund on any Trading Day. When you redeem Exchange Traded Series units of the Fund, you receive the proceeds of your sale in cash at a redemption price per unit equal to 95% of the closing price of the Exchange Traded Series units on the effective date of redemption, subject to a maximum redemption price of the applicable net asset value per unit. As unitholders will generally be able to sell Exchange Traded Series units at the market price on the TSX or another exchange or marketplace through an ETF Dealer subject only to customary brokerage commissions, unitholders are advised to consult their brokers, dealers or investment advisers before redeeming their Exchange Traded Series units for cash.

For such a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by us from time to time must be delivered to the Fund at its head office through a registered dealer or other financial institution that is a participant in CDS Clearing and Depository Services Inc. ("CDS") and that holds Exchange Traded Series units on behalf of beneficial owners of such units (a "CDS Participant"). Any cash redemption request that is received by the Cut-Off Time will be deemed to be received on the next Trading Day. Any cash redemption request received after the Cut-Off Time on a Trading Day will be deemed to be received on the Trading Day following the next Trading Day. Payment of the redemption price will be made by no later than the second Trading Day after the effective day of the redemption (or such shorter period as may be determined by us in response to changes in applicable laws or general changes to settlement procedures in applicable markets). The cash redemption request forms may be obtained from us.

If we haven't received all the required documents within 10 business days of receiving your redemption request, we'll issue the same number of securities on the 10th business day after the redemption request. If the issue price is less than the sale proceeds, the Fund will keep the difference. If the issue price is more than the sale proceeds, your ETF Dealer must pay the shortfall. Your ETF Dealer may have the right to collect it from you.

If you are redeeming more than $25,000 of the Fund, your signature must be guaranteed by your bank, trust company or registered dealer. In some cases, we may require other documents or proof of signing authority. You can contact your registered representative or us to find out the documents that are required to complete the sale.

We reserve the right to cause the Fund to redeem the Exchange Traded Series units held by a unitholder at a price equal to the net asset value per unit on the effective date of such redemption if we believe it is in the best interests of the Fund to do so.

Exchange of Prescribed Number of Units

On any Trading Day, you may exchange a minimum of a Prescribed Number of Units (and any additional multiple thereof) for cash or, with our consent, Baskets of Securities and cash. To effect an exchange of Exchange Traded Series units, you must submit an exchange request, in the form prescribed by us from time to time, to the Fund at its head office. The exchange price will be equal to the aggregate net asset value per unit of the Prescribed Number of Units on the effective day of the exchange request, payable by delivery of cash or, with our consent, Baskets of Securities (constituted prior to the receipt of the exchange request) and cash. On an exchange, the applicable Exchange Traded Series units will be redeemed. On an exchange we will require you to pay the Fund an exchange transaction fee of 0.25%, or such other amount as we may determine from time to time, which approximates the brokerage expenses, commissions, transaction costs, costs or expenses related to market impact and other costs or expenses incurred or expected to be incurred by an Exchange Traded Series in effecting securities transactions on the market to obtain the necessary cash for the exchange. The exchange transaction fee may be higher if the costs and expenses incurred or expected to be incurred by an Exchange Traded Series are higher than generally expected. In certain circumstances and at our discretion, we may waive or reduce the exchange transaction fee.

Any exchange request that is received by the Cut-Off Time will be deemed to be received on the next Trading Day and will be based on the net asset value per unit determined on such next Trading Day. Any exchange request received after the Cut-Off Time on a Trading Day will be deemed to be received on the Trading Day following the next Trading Day and will be based on the net asset value per unit determined on such following Trading Day. Settlement of exchanges for cash or Baskets of Securities and cash, as the case may be, will be made by no later than the second Trading Day after the effective day of the exchange request (or such shorter period as may be determined by us in response to changes in applicable laws or general changes to settlement procedures in applicable markets).

We will make available to the Designated Brokers and ETF Dealers information as to the Prescribed Number of Units and any Basket of Securities for the Fund for each Trading Day. We may, in our discretion, increase or decrease the Prescribed Number of Units from time to time.

If securities held in the portfolio of the Fund are cease traded at any time by order of a securities regulatory authority or other relevant regulator or stock exchange, the delivery of such securities to a unitholder on an exchange may be postponed until such time as the transfer of the securities is permitted by law.

Exchange and redemption of Exchange Traded Series units through CDS Participants

The exchange and redemption rights described above must be exercised through the CDS Participant through which you hold Exchange Traded Series units. Beneficial owners of Exchange Traded Series units should ensure that they provide exchange and/or redemption instructions to the CDS Participants through which they hold units sufficiently in advance of the cut-off times set by CDS Participants to allow such CDS Participants to notify us or as we may direct prior to the relevant cut-off time.

Characterization of redemption or exchange amounts

Subject to the limits under the *Income Tax Act* (Canada) (the "Tax Act") (see "*Risk factors – General risks of investing in the Fund – Tax risk*"), the redemption or exchange price paid to a unitholder may include capital gains realized by the Fund that are allocated and distributed to the unitholder. The remaining portion of the redemption or exchange price will be proceeds of disposition.

Short-term trading

Short-term trading (including "market-timing" trading) can increase the Fund's expenses, which affects all unitholders of the Fund. IFDS monitors trading within the Fund on a daily basis and provides the Manager with a daily report on short-term trading activity in the Fund. To discourage short-term trading, if we determine that a redemption or switch of units constitutes a short-term trade, the Fund may charge a fee of 1% of the amount you redeem or switch if you redeem or switch your units within seven days of buying them. This fee is paid directly to the Fund. You will be responsible for the costs and expenses, as well as any tax consequences, resulting from the collection of the short-term trading fee. While this fee will generally be paid from the redemption proceeds of the Fund in question, we have the right to redeem units of any other PIMCO Canada Fund in your account without further notice to you. We may, in our sole discretion, decide which units will be redeemed. We may waive this penalty at any time. If, in our sole discretion, we determine that you are engaging in short-term trading, we may also refuse your present or future orders to buy or switch securities. While we attempt to monitor, detect and deter short-term or excessive trading, we cannot ensure that such trading activity will be completely eliminated.

The short-term trading fee generally does not apply to:

- redemptions of Exchange Traded Series units;
- transactions initiated by PIMCO Canada;
- withdrawals from Registered Retirement Income Funds ("RRIFs") and Registered Education Savings Plans ("RESPs");
- regularly scheduled automatic withdrawal plan payments;
- transactions made as part of an asset allocation program or model portfolio program;
- redemptions triggered by a portfolio rebalancing within a discretionary model portfolio held by multiple discretionary client accounts managed by a portfolio manager licensed to engage in discretionary trading on behalf of its clients. Your registered representative must determine whether your accounts qualify and notify us in order for the short-term trading fee not to apply; and
- transactions where the aggregate short-term trading fee generated is less than $100.

See "*Fees and expenses – Fees and expenses payable directly by you – Short-term trading fee*".

Suspending your right to switch, exchange and redeem units

Securities regulations allow us to temporarily suspend your right to switch, exchange and/or redeem your Fund units and postpone payment of your sale proceeds:

- during any period when normal trading is suspended on any exchange on which securities or derivatives that make up more than 50% of the Fund's value or its underlying market exposure are traded and there's no other exchange where these securities or derivatives are traded; or
- with the approval of securities regulators.

We will not accept orders to buy Fund units during any period when we've suspended investors' rights to switch, exchange and/or redeem their units.

You may withdraw your switch, exchange or redemption request before the end of the suspension period. Otherwise, we will switch, exchange or redeem your units at the net asset value per unit next calculated when the suspension period ends.

Special considerations for unitholders

The provisions of the so-called "early warning" reporting requirements in Canadian securities legislation do not apply if a person or company acquires 10% or more of the Exchange Traded Series units of the Fund. The Fund has obtained relief to permit unitholders to acquire more than 20% of the Exchange Traded Series units of the Fund without regard to the takeover bid requirements of applicable Canadian securities legislation. In addition, the Fund has obtained relief to permit the Fund to borrow cash in an amount not exceeding 5% of the net assets of the Fund for a period not longer than 45 days and, if required by the lender, to provide a security interest over any of its portfolio assets as a temporary measure to fund the portion of any distribution payable to unitholders that represents amounts that have not yet been received by the Fund.

Optional services

This section tells you about the services that are available to investors in Mutual Fund Series units of the Fund. These services are not available to investors in Exchange Traded Series units of the Fund. For full details call 1-877-506-8126 (416-506-8187 in Toronto).

Pre-authorized contributions

Following your initial investment, you can make regular pre-authorized contributions to the Fund using automatic transfers from your bank account at any selected Canadian financial institution. Pre-authorized contributions are available for non-registered accounts, Registered Retirement Savings Plans ("RRSPs"), RESPs and Tax-Free Savings Accounts ("TFSAs"). See "*Purchases, switches and redemptions – How to buy the Fund – Minimum investments*" for the minimum investment amounts. The frequency of your pre-authorized contributions is flexible. For example, you may choose to invest weekly, monthly, quarterly, semi-annually or annually. We will automatically transfer the money from your bank account to the Fund you choose.

We can change or cancel the plan at any time.

Automatic withdrawal plan

The automatic withdrawal plan, only available for non-registered accounts, lets you receive regular cash payments from your Fund. The frequency of an automatic withdrawal plan is flexible. For example, you may choose to receive payments weekly, monthly, quarterly, semi-annually or annually. We will automatically redeem the necessary number of units to make payments to your bank account at any selected Canadian financial institution or by cheque.

If you redeem units within 7 days of buying them, you may have to pay a short-term trading fee. See "*Purchases, switches and redemptions – Short-term trading*" for details.

A redemption is a disposition for tax purposes and may result in a capital gain or capital loss, which will be taxable if you hold your units in a non-registered account. See "*Income tax considerations – Income tax considerations for investors*" for more details. If you withdraw more money than your Fund units are earning, you'll eventually use up your investment.

We can change or cancel the plan, or waive the minimum amounts at any time.

Fees and expenses

This section describes the fees and expenses you may have to pay if you invest in the Fund. You may have to pay some of these fees and expenses directly, including any applicable taxes. The Fund may have to pay some of these fees and expenses, which reduces the value of your investment. Because Series F and ETF Series units of the Fund are no-load, a meeting of unitholders of these series of the Fund is not required to approve any increase in, or introduction of, a fee or expense charged to the Fund. Any such increase will only be made if such unitholders are notified of the increase at least 60 days before the date on which the increase will take effect.

If the basis of the calculation of a fee or expense that is charged to Series A or Series A(US$) units of the Fund offered through this simplified prospectus is changed in a way that could result in an increase in charges to the series or its unitholders, or if such a fee or expense is introduced, and when this fee or expense is charged by any entity that is at arm's length to the Fund, the approval of unitholders will not be obtained. In the cases above, unitholders will be sent a written notice of the change at least 60 days prior to the effective date.

Fees and expenses payable by the Fund

<table>
<tr><td rowspan="4">Management Fees</td><td colspan="3">The Fund pays us a management fee with respect to Series A and Series F units plus applicable taxes. The fee is calculated and accrued daily and paid monthly.

In return for the payment of the management fee, the Manager provides various services to the Fund, including investment management and portfolio management services, sales and trailing commissions to registered dealers, marketing services, and operational services, being transfer agent services, fund accounting services and custody services.

The annual rates of the management fee for Series A, Series F and ETF Series units of the Fund are as follows:</td></tr>
<tr><td colspan="3">Annual management fee (%)</td></tr>
<tr><td>Series A</td><td>Series F</td><td>ETF Series</td></tr>
<tr><td>1.29%</td><td>0.29%</td><td>0.29%</td></tr>
<tr><td>Operating expenses</td><td colspan="3">PIMCO Canada will pay all of the operating expenses for the Fund, other than borrowing, interest and portfolio execution costs (e.g., brokerage fees and commissions and other portfolio transaction expenses incurred by or for the Fund (including, without limitation, fees and expenses of outside legal counsel or third-party consultants retained in connection with reviewing, negotiating, and structuring specialized loans and other investments made by or for the Fund)), and taxes, the fees and expenses of the IRC, extraordinary expenses, including litigation expenses of the Fund, and any new fees or expenses payable by the Fund, including those resulting from compliance with any new governmental and regulatory requirements.

The Fund is required to pay applicable goods and services taxes ("GST"), harmonized sales taxes ("HST"), and may be required to pay Quebec sales taxes</td></tr>
</table>

	("QST"), on management fees, administration fees and certain fund costs based on the province or territory of residence of the investors in each series of the Fund. GST, HST and QST, where applicable, are part of the fund costs and are included in the management expense ratio ("MER") of each series of the Fund. Changes in existing GST, HST and QST rates, further provincial adoption of HST, the repeal of HST by HST-participating provinces and changes in the breakdown of the residence of the investors within each series of the Fund all may have an impact on the MER of each series of the Fund year over year. As the Fund has more than one series of units, each series is responsible for its proportionate share of common operating expenses and for operating expenses incurred by only that series. Accordingly, any expenses or liabilities related to the foreign currency hedging will also be allocated solely to the series to which it is attributable. Currently, each member of the IRC is entitled to annual compensation of $ 33,831 ($43,057 for the Chair). The Fund pays a proportionate share of the total compensation paid to the IRC each year and reimburses members of the IRC for expenses incurred by them in connection with their services as members of the IRC. The Fund's share of the IRC's compensation and expenses will be disclosed in the Fund's financial statements.
Fees related to underlying funds	Where the Fund invests in underlying funds, it may have to pay the applicable fees and expenses connected with the management of the underlying funds as well. However, we make sure that when the Fund invests in an underlying fund, it does not pay duplicate management fees on the portion of its assets that it invests in the underlying fund. We also make sure that, when the Fund invests in an underlying fund that we or one of our associates manages, the Fund does not pay sales charges or redemption fees when it purchases or redeems securities of the underlying fund.

Fees and expenses payable directly by you

Sales charges	The front-end sales charge option is available for Series A units of the Fund. You and your registered representative negotiate the sales charge. The sales charge is deducted from the amount you invest in the Fund. The rate is up to 5%.
Switch/ Reclassification Fees	If you switch Series A units of the Fund into another series of units of the Fund or units of the Fund to another PIMCO Canada Fund, you may pay a fee to your registered dealer of up to 2% of the net asset value being switched. A short-term trading fee may also be payable. See "*Short-term trading fee*" below.

Redemption fee	None. A short-term trading fee may be charged. See "*Short-term trading fee*" below.
Short-term trading fee	The Fund may charge a fee of 1% of the amount you redeem or switch if you redeem or switch your units within 7 days of buying them. The fee doesn't apply to: • redemptions of Exchange Traded Series units; • transactions initiated by PIMCO Canada; • withdrawals from RRIFs and RESPs; • regularly scheduled automatic withdrawal plan payments; • transactions made as part of an asset allocation program; • redemptions triggered by a portfolio rebalancing within a discretionary model portfolio held by multiple discretionary client accounts managed by a portfolio manager licensed to engage in discretionary trading on behalf of its clients; and • transactions where the aggregate short-term trading fee generated is less than $100. The Manager does not believe that it is necessary to impose any short-term trading restrictions on Exchange Traded Series units at this time, as such series are exchange traded series that are primarily traded in the secondary market.
Administration Fee	An amount may be charged to a Designated Broker or ETF Dealer to offset certain transaction and other costs associated with the listing, issue, exchange and/or redemption of Exchange Traded Series units of the Fund. This charge, which is payable to the Fund, does not apply to unitholders who buy and sell their Exchange Traded Series units through the facilities of the TSX or another exchange or marketplace.
Exchange Fee	On an exchange of Exchange Traded Series units, we will require you to pay the Fund an exchange transaction fee of 0.25%, or such other amount as we may determine from time to time, which approximates the brokerage expenses, commissions, transaction costs, costs or expenses related to market impact and other costs or expenses incurred or expected to be incurred by an Exchange Traded Series in effecting securities transactions on the market to obtain the necessary cash for the exchange. The exchange transaction fee may be higher if the costs and expenses incurred or expected to be incurred by the Exchange Traded Series is higher than generally expected. In certain circumstances and at our discretion, we may waive or reduce the exchange transaction fee.
Other fees	• Pre-Authorized Contributions: none • Automatic Withdrawal Plan: none

	• Dishonoured cheques or insufficient funds: $35 for each bank transaction

Dealer compensation

This section explains how we compensate dealers when you invest in Series A units of the Fund.

Sales commissions

Your registered dealer usually receives a sales commission when you invest in Series A units of the Fund. You can choose any one of the following different sales charge options available for Series A units (subject to securities regulations). You and your registered representative will determine which sales charge option is suitable for you.

Front-end sales charge option

The front-end sales charge option is available for Series A units of the Fund. When you buy under this option, you and your registered representative negotiate the sales charge. We deduct the sales charge from your investment and pay it to your registered dealer. The sales charge is up to 5% for the Fund.

Trailing commission

For Series A units of the Fund, we pay your registered dealer (except discount brokers), monthly or quarterly, a trailing commission on the securities purchased or issued on the reinvestment of any distributions, subject to certain eligibility requirements.

Except as otherwise determined by the Canadian securities regulators, trailing commissions may not be paid in respect of securities held through dealers who did not make a suitability determination, including discount brokers. For purchases Series F and ETF Series units, we do not pay any trailing commission to your registered dealer. Your registered dealer (including discount brokers) is paid a fee in respect of Series F units under the terms of your arrangement with your registered dealer.

Generally, the trailing commission is a percentage of the total value of Series A units held by a registered representative's clients. The annual rate of the trailing commission for Series A units of the Fund is 1% plus applicable taxes.

Other kinds of dealer compensation

In addition to the commissions described above, we may also provide educational conferences and events, marketing support programs and other programs to registered dealers or financial advisors and their registered representatives, such as materials describing the benefits of mutual fund investing, conferences sponsored by registered dealers, for which we pay up to 50% of the cost, audio and video materials for dealer seminars and co-operative dealer advertising, for which we pay up to 50% of the cost.

We may change the terms and conditions of these commissions and programs or discontinue them, at any time.

Income tax considerations

The following is a fair summary of the principal Canadian federal income tax considerations under the Tax Act as of the date hereof, for the Fund and for investors who are individuals (other than trusts), that for purposes of the Tax Act and at all relevant times, are resident in Canada, are not affiliated with the Fund, deal with the Fund at arm's length, and hold their units either directly as capital property or in a registered plan. This summary is based on the facts set out in this simplified prospectus, the current provisions of the Tax Act and regulations thereunder (the "Regulations"), all specific proposals to amend the Tax Act and the Regulations publicly announced by, or on behalf of, the Minister of Finance (Canada) (the "Minister") prior to the date hereof (the "Tax Proposals"), and the current published administrative and assessing practices and policies of the CRA. This summary does not take into account or anticipate any other changes in the law, other than the Tax Proposals, whether by legislative, administrative or judicial action, and it does not take into account provincial, territorial or foreign income tax legislation or considerations, which might differ from the federal considerations.

The summary is based on the assumption that the Fund will qualify or be deemed to qualify as a "mutual fund trust" within the meaning of the Tax Act at all relevant times. This summary also assumes that the Fund will not be a "SIFT trust" under the Tax Act. See "*Risk factors – General risks of investing the the Fund – Tax risk*" for more information.

This summary is not exhaustive of all possible federal income tax considerations and, other than the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action. This summary does not deal with foreign or provincial income tax considerations, which might differ from the federal considerations. This summary does not constitute legal or tax advice to any particular investor. Investors are advised to consult their own tax advisors with respect to their individual circumstances.

Income tax considerations for the Fund

The Fund will distribute to unitholders in each taxation year, including by way of management fee distributions where applicable, its net income and net realized capital gains to such an extent that it will not be liable in any year for income tax under Part I of the Tax Act after taking into account applicable losses and capital gains tax refunds, if any, of the Fund. All of the Fund's deductible expenses, including expenses common to all series of the Fund and management fees and other expenses specific to a particular series of the Fund, will be taken into account in determining the income or loss of the Fund as a whole and applicable taxes payable by the Fund as a whole. To the extent that the Fund has not otherwise distributed a sufficient amount of its net income or net capital gains, the Declaration of Trust of the Fund provides that a distribution will be paid to unitholders at the end of the year and the distribution will be automatically reinvested in additional units of the Fund. Immediately following such reinvestment, the number of units outstanding will be consolidated so that the net asset value per unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid.

The Fund is required to compute its net income and net realized capital gains in Canadian dollars for purposes of the Tax Act. As a consequence, if the Fund holds foreign currency or foreign currency-denominated investments it may realize gains or losses by virtue of changes in the value of foreign currency relative to the Canadian dollar.

In determining the income of the Fund, gains or losses realized on the disposition of securities held as capital property will constitute capital gains or capital losses. Securities will generally be considered to be held by the Fund as capital property unless the Fund is considered to be trading or dealing in securities, or otherwise carrying on a business of buying and selling securities, or has acquired the securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. The Manager has advised that the Fund will purchase securities (other than derivative instruments) with the objective of earning income thereon and will take the position that gains and losses realized on the disposition of these securities are capital gains and capital losses.

Generally, the Fund is required to treat a gain or loss on forward contracts and other derivatives used for non-hedging purposes as being on income account for tax purposes rather than being a capital gain or capital loss and will recognize such gain or loss for tax purposes at the time it is realized by the Fund. Gains and losses realized by the Fund from the use of derivatives for hedging purposes may be treated for tax purposes as ordinary income and losses or as capital gains and capital losses, depending on the circumstances.

The Fund or an underlying fund in which it invests may be subject to section 94.1 of the Tax Act if the Fund or the underlying fund holds or has an interest in "offshore investment fund property". In order for section 94.1 of the Tax Act to apply to the Fund, the value of the interests must reasonably be considered to be derived, directly or indirectly, primarily from portfolio investments of the offshore investment fund property. If applicable, these rules can result in the Fund or the underlying fund including an amount in its income based on the cost of the Fund's or the underlying fund's offshore investment fund property multiplied by a prescribed interest rate. These rules would apply in a taxation year to the Fund or an underlying fund if it could reasonably be concluded, having regard to all the circumstances, that one of the main reasons for the Fund or the underlying fund acquiring, holding or having the investment in the entity that is an offshore investment fund property, was to benefit from the portfolio investments of the entity in such a manner that the taxes on the income, profits and gains therefrom for any particular year were significantly less than the tax that would have been applicable if such income, profits and gains had been earned directly by the Fund or the underlying fund. The Manager has advised that none of the reasons for the Fund acquiring an interest in "offshore investment fund property" may reasonably be considered to be as stated above. Accordingly, section 94.1 should not apply directly to the Fund.

Capital or income losses realized by the Fund cannot be allocated to unitholders but, subject to certain limitations, may be deducted by the Fund from capital gains or net income realized in other years. In certain circumstances, losses realized by the Fund may be restricted or suspended and, therefore, may not be available to offset capital gains or income. For example, a capital loss realized by the Fund will be suspended if, during the period that begins 30 days before and ends 30 days after the date on which the capital loss was realized, the Fund (or a person affiliated with the Fund for the purposes of the Tax Act) acquires a property that is, or is identical to, the particular property on which the loss was realized.

In certain circumstances, the Fund may experience a "loss restriction event" for tax purposes, which generally will occur each time any person, together with other persons with whom that person is affiliated within the meaning of the Tax Act, or any group of persons acting in concert, acquires units of the Fund having a fair market value that is greater than 50% of the fair market value of all of the units of the Fund. The Tax Act provides relief in the application of the "loss restriction event" rules for funds that are "investment funds" as defined therein. The Fund will be considered an "investment fund" for this purpose if it meets certain conditions, including satisfying certain of the conditions necessary to qualify as a "mutual fund trust" for purposes of the Tax Act, not using any property in the course of carrying on a business and complying with certain asset diversification requirements (or where the Fund invests in an underlying fund in certain circumstances, the underlying fund complying with these conditions). If the Fund fails to meet this definition, it may be deemed to have a year-end for tax purposes upon the occurrence of a "loss restriction event". Where such a deemed year end occurs, the Fund will be deemed to realize its capital losses. The Fund may elect to realize capital gains in order to offset its capital losses and non-capital losses, including undeducted losses from prior years. Any undeducted losses will expire and may not be deducted by the Fund in future years.

Income tax considerations for investors

How your investment can earn money

Your investment in units of the Fund can earn income from:

- any earnings the Fund makes or realizes on its investments which are allocated to you in the form of distributions; and
- any capital gains that you realized when you redeem or switch your units of the Fund at a profit.

The tax you pay depends on whether you hold your units in a registered plan or in a non-registered account.

Units held in a registered plan

If you hold units of the Fund in an RRSP, RRIF, RESP, Registered Disability Savings Plan ("RDSP"), TFSA or First Home Savings Account ("FHSA") (collectively referred to as "registered plans" and individually, a "registered plan"), you generally pay no tax on distributions from the Fund on those units or on any capital gains that your registered plan receives from selling, redeeming or exchanging units. However, when you withdraw money from a registered plan (other than TFSAs and certain withdrawals from RESPs, RDSPs and FHSAs), it will generally be subject to tax at your marginal tax rate.

Units of the Fund are expected to be a "qualified investment" for registered plans at all material times provided that the Fund qualifies (or is deemed to qualify) at such times as a "mutual fund trust" within the meaning of the Tax Act. Furthermore pursuant to recent Tax Proposals, units of the Fund are also expected to be a qualified investment for registered plans at any time the Fund is subject to, and substantially complies with, the requirements of NI 81-102. In addition, ETF Series units will be a qualified investment for registered plans provided that such units are listed on a "designated stock exchange" within the meaning of the Tax Act (which currently includes the TSX).

However, even when units of the Fund are a qualified investment, you may be subject to tax if a unit held in your registered plan is a prohibited investment for your registered plan. Units of the Fund should not be a prohibited investment for your registered plan if you and persons with whom you do not deal at arm's length and any trusts or partnerships in which you or persons with whom you do not deal at arm's length have an interest do not, in total own 10% or more of the net asset value of the Fund. Units of the Fund are also not a prohibited investment for your registered plan if they are "excluded property" under the Tax Act. In addition, under a safe harbour rule for new mutual funds, units of the Fund will not be a prohibited investment for your registered plan at any time during the first 24 months of the Fund's existence, provided the Fund is, or is deemed to be, a mutual fund trust under the Tax Act during that time and is in substantial compliance with NI 81-102 or follows a reasonable policy of investment diversification.

In the case of an exchange of Exchange Traded Series units by a registered plan for a Basket of Securities, the registered plan will receive securities. The securities so received may or may not be qualified investments for the registered plan and may or may not be prohibited investments for the registered plan.

You should consult your own tax advisor regarding the special rules that apply to each type of registered plan, including whether or not a particular unit of the Fund would be a prohibited investment for your RRSP, RRIF, RESP, RDSP, TFSA and FHSA.

Units held in a non-registered account

Distributions from the Fund

If you hold units of the Fund in a non-registered account, you must include your share of the Fund's distributions of net income and the taxable portion of its distributions of net realized capital gains in your income, including management fee distributions, whether you receive the distributions in cash or we reinvest them for you. In general, these distributions are taxable to you as if you received the income or gain directly.

Distributions may include a return of capital. When the Fund earns less income and capital gains than the amount distributed, the difference is a return of capital. A return of capital is not taxable, but will reduce the adjusted cost base of your units of the Fund. If the adjusted cost base of your units is reduced to less than zero, you will be deemed to realize a capital gain to the extent of the negative amount and the adjusted cost base of your units will be increased to nil. You should consult a tax expert about the tax implications of receiving a return of capital.

Gains and losses realized by the Fund from the use of derivatives for non-hedging purposes, and from short sales, will be treated as ordinary income and losses for tax purposes, rather than as capital gains and losses. Gains and losses realized by the Fund from the use of derivatives for hedging purposes may be treated for tax purposes as ordinary income and losses or as capital gains and capital losses, depending on the circumstances.

We will issue a tax slip to you each year that shows you how much of each type of income and return of capital the Fund distributed to you. You can claim any tax credits that apply to those earnings. For example, if the Fund's distributions include Canadian dividend income, you'll qualify for a dividend tax credit. The characterization of distributions made during the year will not be determined with certainty for Canadian tax purposes until the end of the Fund's taxation year.

Capital gains (or losses) you realize

In general, you must also include in computing your income one half of any capital gains you realize from selling, redeeming or exchanging your units. Your capital gain or loss for tax purposes is the difference between the amount you receive when you sell, redeem or exchange your units and the adjusted cost base of those units, less any costs of the sale, redemption or exchange. See "*Calculating adjusted cost base*" below for more details. You may use capital losses you realize to offset capital gains.

When you redeem units of the Fund for cash or exchanges units for Baskets of Securities and/or cash, the Fund may allocate and designate as payable capital gains to the unitholder as partial payment of the redemption price or exchange price, as applicable. Any capital gains so allocated and designated will be restricted by the ATR Rule in the manner described under the heading "*Risk factors – General risks of investing in the Fund – Tax risk*" and must be included in the calculation of the unitholder's income in the manner described above. Subject to the application of the ATR Rule, the amount of the capital gain should be deducted from the redemption price or exchange price, as the case may be, for the units in determining the unitholder's proceeds of disposition.

Reclassifying units from one series of the Fund to another series of the same Fund is not a disposition for tax purposes, so no capital gain or loss will result, other than in connection with units that are redeemed to pay a fee at the time of the change.

A consolidation of units following a distribution which is reinvested in units will not be regarded as a disposition of units.

Calculating adjusted cost base

In general, the aggregate adjusted cost base of your units per series equals:

- your initial investment, plus
- additional investments, plus
- reinvested distributions, minus
- any return of capital distributions, minus
- the adjusted cost base of any previous dispositions.

You should keep detailed records of the purchase cost of your investments and distributions you receive on those units so you can calculate their adjusted cost base. You may want to get advice from a tax expert.

Buying Units Close to the Year-End

The unit price of the Fund may include income and/or capital gains that the Fund has accrued or realized, but not yet distributed or made payable at the time the units are acquired. If you buy units of the Fund just before it makes a distribution, you'll be taxed on that distribution, even though the Fund earned the amount before you owned it. If you buy units of the Fund just before it makes a distribution, including late in the year, you will be taxed on the entire distribution even though the Fund may have earned the income or realized the gain giving rise to the distribution before you owned units of the Fund. That means you'll end up paying tax on Fund earnings that you had little or no benefit from.

Portfolio turnover rate

The Fund discloses its portfolio turnover rate in its management report of fund performance. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio one time in the course of a year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the likelihood that you will receive a taxable distribution from the Fund in that year. The trading costs associated with portfolio turnover may adversely affect the Fund's performance.

Tax information reporting

The Fund has due diligence and reporting obligations under the Foreign Account Tax Compliance Act (as implemented in Canada by the *Canada-United States Enhanced Tax Information Exchange Agreement* and Part XVIII of the Tax Act, collectively referred to as "FATCA") and the OECD's Common Reporting Standard (as implemented in Canada by Part XIX of the Tax Act, referred to as "CRS"). Generally, unitholders (or in the case of certain unitholders that are entities, the "controlling persons" thereof) will be required by law to provide their advisor or dealer with information related to their citizenship and tax residence and, if applicable, their foreign taxpayer identification number. If a unitholder (or, if applicable, any of its controlling persons), (i) is identified as a "specified U.S. person" for purposes of FATCA (including a U.S. resident or a U.S. citizen residing in Canada); (ii) is identified as a tax resident of country other than Canada or the U.S.; or (iii) does not provide the required information and indicia of U.S. or non-Canadian status is present, information about the unitholder (or, if applicable, its controlling persons), and their investment in the Fund will generally be reported to the CRA unless the units are held within a registered plan. The CRA will provide that information to the U.S. Internal Revenue Service in the case of "specified U.S. persons" or persons who have not provided the required information and for whom indicia of U.S. status is present, and, in all other cases, the relevant tax authority of any country that is a signatory of the *Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information* or that has otherwise agreed to a bilateral information exchange with Canada under CRS.

Investment income received by the Fund from sources within foreign countries may be subject to foreign income tax withheld at the source. Canada has entered into tax treaties with certain foreign countries which may entitle the Fund to a reduced rate of tax on such income. Some countries require the filing of tax reclaim or other forms, which could include requests for information about the Fund's unitholders, to receive the benefit of the reduced tax rate. Subject to compliance with applicable laws, the Fund may provide the required information about the Fund's unitholders to foreign tax authorities in order to reclaim foreign income tax owing to the Fund.

What are your legal rights?

Mutual Fund Series

Under securities law in some provinces and territories, you have the right to withdraw from an agreement to buy mutual funds within two business days after you receive a simplified prospectus or fund facts, or to cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the simplified prospectus, fund facts document or financial statements contain a misrepresentation. You must act within the time limits set by law in the applicable province or territory.

You will have a right of action for damages or rescission in the event any fund facts or document incorporated by reference into a simplified prospectus for the relevant series contains a misrepresentation, whether or not you request the fund facts.

For more information, see the securities law of your province or territory or ask a lawyer.

Exchange Traded Series

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase ETF securities within 48 hours after the receipt of a confirmation of a purchase of such securities. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or non-delivery of the ETF facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

We have obtained relief from the requirement in securities legislation to include an underwriter's certificate in the prospectus under a decision pursuant to National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*. As such, purchasers of Exchange Traded Series units will not be able to rely on the inclusion of an underwriter's certificate in the prospectus or any amendment for the statutory rights and remedies that would otherwise have been available against an underwriter that would have been required to sign an underwriter's certificate.

The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or should consult with a legal adviser.

Additional information

Registration and transfer of Exchange Traded Series units through CDS

Registration of interests in, and transfers of, Exchange Traded Series units will be made only through the book-entry only system of CDS. Exchange Traded Series units must be purchased, transferred and surrendered for exchange or redemption only through a CDS Participant. All rights of an owner of Exchange Traded Series units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such units. Upon purchase of any Exchange Traded Series units, the owner will receive only the customary confirmation. All distributions and redemption proceeds in respect of Exchange Traded Series units will be made or paid initially to CDS, which payments will be forwarded by CDS to the CDS Participants and, thereafter, by such CDS Participants to the applicable unitholders. References in this simplified prospectus to a holder of Exchange Traded Series units means, unless the context otherwise requires, the owner of the beneficial interest in such Exchange Traded Series units.

Neither the Fund nor the Manager will have any liability for: (i) any aspect of the records maintained by CDS relating to the beneficial interests in the Exchange Traded Series units or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS, whether contained in this simplified prospectus or otherwise, or made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Exchange Traded Series units must look solely to CDS Participants for payment made by the Fund to CDS.

The ability of a beneficial owner of Exchange Traded Series units to pledge such units or otherwise take action with respect to such owner's interest in such units (other than through a CDS Participant) may be limited due to the lack of a physical certificate. The Fund has the option to terminate registration of Exchange Traded Series units through the book-entry only system, in which case certificates for Exchange Traded Series units in fully registered form will be issued to beneficial owners of such units or to their nominees.

Exemptions and approvals

Exchange Traded Series

The PIMCO Canada Funds have obtained relief from applicable securities laws in connection with the offering of Exchange Traded Series units to:

(i) relieve the PIMCO Canada Funds from the requirement to prepare and file a long form prospectus for the Exchange Traded Series units in accordance with National Instrument 41-101 *General Prospectus Requirements* in the form prescribed by Form 41-101F2 *Information Required in an Investment Fund Prospectus*, subject to the terms of the relief, provided that the PIMCO Canada Funds file a prospectus for the Exchange Traded Series units in accordance with the provisions of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, other than the requirements pertaining to the filing of a fund facts document;

(ii) relieve the PIMCO Canada Funds from the requirement that a prospectus offering Exchange Traded Series units contain a certificate of the underwriters;

(iii) relieve a person or company purchasing Exchange Traded Series units of a PIMCO Canada Fund in the normal course through the facilities of the TSX or another exchange from the take-over bid requirements of Canadian securities legislation;

(iv) permit each PIMCO Canada Fund that offers Exchange Traded Series units to borrow cash from the custodian of the Fund (the "Custodian") and, if required by the Custodian, to provide a security interest over any of its portfolio assets as a temporary measure to fund the portion of any distribution payable to unitholders that represents, in the aggregate, amounts that are owing to, but not yet been received by, the PIMCO Canada Fund; and

(v) treat the Exchange Traded Series and the Mutual Fund Series of a PIMCO Canada Fund as if such series were two separate funds in connection with their compliance with the provisions of Parts 9, 10 and 14 of NI 81-102.

Certain Derivatives Exemptions

The PIMCO Funds have obtained an exemption to use certain additional types of securities as cover for derivatives transactions. See "*Specific information about the Fund*" for more information.

Leveraged Exchange Traded Funds

The PIMCO Canada Funds have received an exemption from NI 81-102 allowing them to invest in certain exchange traded funds that utilize leverage in certain circumstances. See "*Specific information about the Fund – Investment restrictions and practices – Leveraged ETFs*" for more information.

Fannie and Freddie Securities

The PIMCO Canada Funds have obtained an exemption from the Canadian securities regulators to permit each PIMCO Canada Fund to invest more than 10% of its net assets in debt obligations, including mortgage-backed securities, issued or guaranteed by each of the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac") ("Fannie and Freddie Securities"), subject to certain conditions. See "*Specific information about the Fund – Investment restrictions and practices – Fannie and Freddie Securities*" for more information.

Inter-fund trades and in specie transfers

The PIMCO Canada Funds have obtained relief from applicable securities laws to permit certain inter-fund trades and *in specie* transfers between the PIMCO Canada Funds, closed-end funds, pooled funds and managed accounts managed by the Manager, as well as investment funds domiciled in the United States that are managed by PIMCO, subject to certain conditions. See "*Specific information about the Fund – Investment restrictions and practices – Inter-fund trades and in specie transfers*" for more information.

CERTIFICATE OF THE FUND AND THE MANAGER OF THE FUND

Dated: January 9, 2026

PIMCO Managed Balanced Portfolio
(the "Fund")

This simplified prospectus dated January 9, 2026, and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of each province and territory of Canada and do not contain any misrepresentations.

Greg Tsagogeorgas Co-Head, acting in the capacity of Chief Executive Officer PIMCO Canada Corp.	David Ferrari Chief Financial Officer PIMCO Canada Corp.

ON BEHALF OF
the Board of Directors of PIMCO Canada Corp., on behalf of the Fund,
and on behalf of PIMCO Canada Corp., as Manager of the Fund

Patrice Denis Director	Josh Ratner Director

CERTIFICATE OF THE PROMOTER

Dated: January 9, 2026

PIMCO Managed Balanced Portfolio
(the "Fund")

This simplified prospectus dated January 9, 2026, and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of each province and territory of Canada and do not contain any misrepresentations.

PIMCO Canada Corp., as promoter of the Fund

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Greg Tsagogeorgas
Co-Head, acting in the capacity
of Chief Executive Officer

Specific information about the Fund

What is a mutual fund and what are the risks of investing in a mutual fund?

What is a mutual fund?

A mutual fund is an investment that pools your money with the money of many other people. A portfolio adviser retained for the mutual fund uses that money to buy securities, such as stocks, bonds, cash or other investment instruments, depending on the mutual fund's investment objectives.

When you invest in a mutual fund, you receive units of the mutual fund. Each unit represents a proportionate share of all of the mutual fund's assets. All of the investors in a mutual fund share in the Fund's income, gains and losses. Investors also pay their share of the mutual fund's expenses.

In addition to receiving professional portfolio advice, there are some other advantages to investing in mutual funds over investing in securities on your own. Because your money is pooled with that of other investors, a mutual fund offers diversification into many securities that may not have otherwise been available to individual investors. Mutual funds have low investment minimums, making them accessible to nearly everyone.

What is the Exchange Traded Series?

The Exchange Traded Series is the exchange-traded series of units offered by the Fund. Exchange Traded Series units of the Fund are, or will be, issued and sold on a continuous basis. There is no maximum number of Exchange Traded Series units that may be issued.

The TSX has conditionally approved the listing of the ETF Series units of the Fund on the TSX. Listing of the ETF Series units of the Fund is subject to the Fund fulfilling all of the requirements of the TSX on or before December 17, 2026. Subject to satisfying the TSX's original listing requirements, the ETF Series units of the Fund will be listed on the TSX and offered on a continuous basis, and an investor may buy or sell the ETF Series units of the Fund on the TSX or another exchange or marketplace through registered brokers and dealers in the province or territory where the investor resides.

What are the risks?

The value of your investment in the Fund changes with the values of the Fund's investments. Many factors can affect those values. Certain principal risks of the Fund are identified below under "*Risk factors – Specific risks of investing in the Fund*". The Fund may be subject to additional risks other than those described because the types of investments made by the Fund can change over time.

The amount of risk depends on the Fund's investment objectives and the types of securities it invests in. A general rule of investing is that the higher the risk, the higher the potential for gains as well as losses.

An investment in a mutual fund isn't guaranteed. Unlike bank accounts or guaranteed investment certificates (GICs), mutual fund units are not covered by the Canada Deposit Insurance Corporation (CDIC) or any other government deposit insurer. There is no guarantee that the Fund will be able to achieve its investment objective. It is possible to lose money by investing in the Fund.

About the Fund description

On the following pages, you'll find a detailed description of the Fund to help you make your investment decisions. Here's what each section of the Fund description tells you:

Fund details

This section gives you some basic information about the Fund, such as what type of mutual fund it is and whether its units are qualified investments for registered plans, including RRSPs, RRIFs, RESPs, RDSPs and TFSAs and FHSAs.

Units of the Fund offered under this simplified prospectus are qualified investments under the Tax Act and the Regulations for registered plans.

What does the Fund invest in?

This section tells you the Fund's fundamental investment objectives and the strategies it uses in trying to achieve those objectives. Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unitholders called for that purpose. This section will also include investment restrictions and practices specific to the Fund that are not described under "*Investment restrictions and practices*" below.

This simplified prospectus does not attempt to disclose all of the various types of securities and investment techniques that may be used by the Fund. As with any mutual fund, investors in the Fund rely on the professional investment judgment and skill of the adviser.

Distribution rights

This section tells you about important characteristics of the units of the Fund that are not described under "*Description of securities offered by the Fund*" below. In particular, this is where you can find out when the Fund usually distributes any earnings to investors. The Fund may change its distribution policy at any time.

Each series of the Fund is entitled to its share of the net income and net realized capital gains adjusted for the series specific expenses of the Fund. As a result, distributions of net income and net realized capital gains per unit will likely be different for each series of the Fund. To the extent that distributions made during the year exceed the net income and net realized capital gains of the Fund, such distributions will include a return of capital.

For information on how distributions can affect your taxes, see "*Income tax considerations – Income tax considerations for investors*".

Name, formation and history of the Fund

This section tells you the formation date, former names (if any) and other important changes to the Fund in the last 10 years. It also shows the start date for each series of the Fund.

What are the risks of investing in the Fund?

This section tells you the specific risks of investing in the Fund that are not listed under "*Risk factors – General risks of investing in the Fund"* or "*Risk factors – General risks of investing in Exchange Traded Series*". You'll find a description of each of these risks under the heading "*Risk factors – Specific risks of investing in the Fund*".

This section also tells you the risk rating that we have assigned to the Fund. See "*Investment risk classification methodology*" below for an explanation of how the Fund's investment risk level is determined.

Investment restrictions and practices

The fundamental investment objectives of the Fund may not be changed without the approval of a majority of voting unitholders.

The Fund will not engage in any undertaking other than the investment of its fund property for purposes of the Tax Act.

The Fund is subject to certain restrictions and practices contained in securities legislation, including NI 81-102 which are designed in part to ensure that the investments of the Fund are diversified and relatively liquid and to ensure the appropriate administration of the Fund. For more information, refer to the securities legislation of your province or territory or consult your lawyer.

We have obtained exemptions from the Canadian securities regulatory authorities to deviate from some of these restrictions, as described below and under "*Exemptions and approvals*".

Percentage investment limitations

In this simplified prospectus, unless otherwise stated, all percentage limitations on Fund investments listed in this simplified prospectus will apply at the time of investment. The Fund would not violate these limitations unless an excess or deficiency occurs or exists immediately after and as a result of an investment.

Derivatives

The Fund can use derivatives as long as the use of derivatives is consistent with the Fund's investment objectives and is permitted by securities rules or any exemption it has received. A derivative is an investment whose value is based on or derived from an underlying asset, such as a stock, a market index, a currency, a commodity or a basket of securities. It's not a direct investment in the underlying asset itself. Examples of derivatives are forward contracts (including buy/sellbacks), swaps (including credit default swaps), options and futures contracts.

The Fund may use specified derivatives, such as options, futures contracts, forwards and swaps, as permitted by Canadian securities laws to, among other things:

- hedge against declines in security prices, financial markets, exchange rates and interest rates;
- gain exposure to securities, financial markets and foreign currencies; and
- replace a direct investment that is used as a hedge with an indirect investment in order to make the cash invested in the hedge available for other purposes.

When the Fund uses derivatives for purposes other than hedging, it holds enough cash or money market instruments to fully cover its positions, as required by securities rules.

For the purposes of this simplified prospectus, "Fixed Income Securities" means any bonds, debentures, notes or other evidences of indebtedness that are liquid and have a remaining term to maturity of 365 days or less and a "designated credit rating", as defined in NI 81-102, and "FRNs" means floating rate evidences of indebtedness that are a "conventional floating rate debt instrument" as defined in NI 81-102 with principal amounts having a market value of approximately par at the time of each change in the rate to be paid and the interest rates are reset no later than every 185 days.

The PIMCO Canada Funds have obtained an exemption from NI 81-102 to permit the Fund to engage in the following derivatives transactions on certain conditions including:

1. To use as cover when the Fund has a long position in a debt-like security that has a component that is a long position in a forward contract, or in a standardized future or forward contract:

   (a) cash cover, Fixed Income Securities and FRNs (collectively, "Cover") in an amount that, together with margin on account for the specified derivative and the market value of the specified derivative, is not less than, on a daily mark-to-market basis, the underlying market exposure of the specified derivative,

   (b) a right or obligation to sell an equivalent quantity of the underlying interest of the future or forward contract, and Cover that together with margin on account for the position, is not less than the amount, if any, by which the strike price of the future or forward contract exceeds the strike price of the right or obligation to sell the underlying interest, or

   (c) a combination of the positions referred to in paragraphs (a) and (b) immediately above that is sufficient, without recourse to other assets of the Fund, to enable the Fund to acquire the underlying interest of the future or forward contract,

2. To use as cover, when the Fund has a right to receive payments under a swap:

   (a) Cover, in an amount that, together, with margin on account for the swap and the market value of the swap, is not less than, on a daily mark-to-market basis, the underlying market exposure of the swap,

(b) a right or obligation to enter into a swap on an equivalent quantity and with an equivalent term and Cover that, together with margin on account for the position, is not less than the aggregate amount, if any, of the obligations of the Fund under the swap less the obligations of the Fund under such offsetting swap, or

(c) a combination of the positions referred to in paragraphs (a) and (b) immediately above that is sufficient, without recourse to other assets of the Fund, to enable the Fund to satisfy its obligations under the swap.

The exemption is subject to the condition that the Fund will not (i) purchase a debt-like security that has an option component or an option, or (ii) purchase or write an option to cover any positions under section 2.8(1)(b), (c), (d), (e) and (f) of NI 81-102, if immediately after the purchase or writing of such option, more than 10% of the net assets of the Fund, taken at market value at the time of the transaction, would be in the form of (A) purchased debt-like securities that have an option component or purchased options, in each case, held by the Fund for purposes other than hedging, or (B) options used to cover any positions under section 2.8(1)(b), (c), (d), (e) and (f) of NI 81-102.

Inter-fund trades and in specie transfers

The PIMCO Canada Funds have obtained relief from applicable securities laws to permit inter-fund trades in debt securities between the PIMCO Canada Funds, closed-end funds and pooled funds managed by the Manager, as well as investment funds domiciled in the United States that are managed by PIMCO, so long as those trades comply with certain conditions, including approval from the PIMCO Canada Funds' IRC.

The PIMCO Canada Funds have also obtained relief from applicable securities laws to permit inter-fund trades and *in specie* transfers between the PIMCO Canada Funds, closed-end funds, pooled funds and managed accounts managed by the Manager. Such trades are subject to certain conditions, including pricing requirements and IRC approval.

The PIMCO Canada Funds have obtained a standing instruction from their IRC to engage in inter-fund trades of securities with other PIMCO Canada Funds, provided that each such trade meets the requirements set out in NI 81-107 applicable to such trades and other terms and conditions of the IRC. See the description of the IRC under "*Organization and management of the Fund – Independent review committee and fund governance*" in this simplified prospectus.

Securities lending, repurchase agreements and reverse repurchase agreements

Through a securities lending agreement, the Fund lends securities through an authorized agent in exchange for a fee and a form of acceptable collateral. Through a repurchase agreement, the Fund sells a security at one price and concurrently agrees to buy it back from the buyer at a fixed price on a specified date.

Through a reverse repurchase agreement, the Fund buys securities for cash from a counterparty at a price set at the date of purchase and at the same time agrees to resell the same securities for cash to the counterparty at a price (usually higher) at a later date. In each case, the purpose of a securities lending arrangement, repurchase agreement or reverse repurchase agreement is for the Fund to earn additional revenues. The Fund may enter into securities lending and repurchase agreements if no more than 50% of its net assets are at risk under the securities lending and repurchase transactions, unless the Fund is permitted by law to invest in a greater amount.

Funds engaging in securities lending, repurchase and reverse repurchase transactions are exposed to the risk that the other party to the transaction may become insolvent and unable to complete the transaction. In those circumstances, there is a risk that the value of the securities bought may drop or the value of the securities sold may rise between the time the other party becomes insolvent and the time the Fund recovers its investment. Funds that engage in these transactions reduce this risk by holding, as collateral, enough of the other party's cash or securities to cover that party's securities lending, repurchase or reverse repurchase obligations. To limit the risks associated with securities lending, repurchase and reverse repurchase transactions, the collateral held in respect of the securities lending, repurchase or reverse repurchase obligations must be marked to market on each business day and be fully collateralized at all times with acceptable collateral which has a value at least equal to 102% of the securities sold or cash paid for the securities by the Fund. A use of repurchase transactions by the Fund may increase volatility.

Investing in other mutual funds

The Fund may invest in securities of another mutual fund, including ETFs and other PIMCO Canada Funds managed by PIMCO Canada, if, among other things, the investment objective of the other mutual fund is consistent with the Fund's investment objective, no management fees or portfolio management fees are payable by the Fund that would duplicate a fee payable by the other mutual fund, the securities of the other mutual fund are qualified for distribution in the same jurisdiction as the Fund and such purchase complies with applicable securities rules and is not otherwise prohibited by the securities rules.

Leveraged ETFs

A mutual fund may, subject to compliance with applicable securities laws, invest in ETFs. The PIMCO Canada Funds have also obtained an exemption from the Canadian securities regulators to permit the Fund to purchase and hold securities of ETFs that seek to provide daily results that replicate (i) the daily performance of gold, silver or a specified widely-quoted market index by a multiple of 200% (ii) the daily performance of a specified widely-quoted market index by an inverse multiple of 100% or 200%. The exemption is subject to certain conditions.

Short selling

The Fund may engage in a limited amount of short selling transactions as permitted by applicable securities legislation. A short sale involves borrowing securities from a lender which are then sold in the open market (or "sold short"). At a later date, the same number of securities are repurchased by the Fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender (or its agent) and interest is paid to the lender. If the value of the securities declines between the time that the securities are borrowed and the time it repurchases and returns the securities, a profit will be made equal to the difference (less any interest cost). In this way, there are more opportunities for gains when markets are generally volatile or declining.

The Fund adheres to controls and restrictions as set out in NI 81-102, including:

- any security sold short will be sold for cash;

- the aggregate market value of all securities of an issuer of the securities sold short by the Fund will not exceed 5% of the net asset value of the Fund;

- the aggregate market value of all securities sold short by the Fund will not exceed 20% of the net asset value of the Fund;

- the Fund will hold cash cover in an amount that, together with the portfolio assets deposited with the lender as security in connection with short sales of securities by the Fund, will be at least 150% of the aggregate market value of all securities sold short by the Fund on a daily mark-to-market basis;

- cash received in respect of a short sale will not be used by the Fund to enter into a long position in any security, other than a security that would otherwise qualify as cash cover; and

- the security sold short will not:

  (i) be a security that the Fund is otherwise not permitted by securities legislation to purchase at the time of the short sale transaction;

  (ii) be an illiquid asset; and

  (iii) be a security of an investment fund other than an index participation unit.

The Fund may also utilize other risk reduction strategies like automatic buy cover orders as part of their use of short selling.

Corporate debt securities

The Fund may invest in corporate debt securities.

Fixed Income Instruments

"Fixed Income Instruments", as used generally in this simplified prospectus, include:

- securities issued or guaranteed by governments or their subdivisions, agencies or government-sponsored enterprises;

- obligations of international agencies or supranational entities;

- corporate debt securities of issuers, including convertible securities and corporate commercial paper;

- mortgage-backed and other asset-backed securities;

- inflation-indexed bonds issued both by governments and corporations;

- structured notes, including hybrid or "indexed" securities and event-linked bonds;

- loan participations and assignments;
- delayed funding loans and revolving credit facilities;
- bank certificates of deposit, fixed time deposits and bankers' acceptances; and
- repurchase agreements on Fixed Income Instruments and reverse repurchase agreements on Fixed Income Instruments.

The Fund may invest in derivatives based on Fixed Income Instruments.

Fannie and Freddie Securities

The PIMCO Canada Funds have obtained an exemption from the Canadian securities regulators to permit the Fund to invest more than 10% of its net assets in debt obligations, including mortgage-backed securities, issued or guaranteed by each of Fannie Mae and Freddie Mac, provided the Fannie and Freddie Securities have and maintain a credit rating assigned by Standard & Poor's Rating Services (Canada), or an equivalent rating assigned by one or more other designated rating organizations, that is not less than (i) the credit rating then assigned by such designated rating organization to the debt of the United States government of approximately the same term as the remaining term to maturity of, and denominated in the same currency as, the Fannie or Freddie Security, and (ii) BBB- assigned by Standard & Poor's Rating Service or an equivalent rating by one or more other designated rating organizations.

The exemption does not impose a limit on the amount that the Fund may invest in either Fannie Mae or Freddie Mac; accordingly, all or substantially all of the Fund's net assets could be invested in Fannie and Freddie Securities at any time.

Duration

Duration is used to determine the sensitivity of a security's price to changes in interest rates. The longer a security's duration, the more sensitive it will be to changes in interest rates. Similarly, the Fund with a longer average portfolio duration will be more sensitive to changes in interest rates than the Fund with a shorter average portfolio duration. By way of example, the price of a bond fund with an average duration of five years would be expected to fall approximately 5% if interest rates rose by one percentage point. Conversely, the price of a bond fund with an average duration of negative three years would be expected to rise approximately 3% if interest rates rose by one percentage point.

Credit ratings and unrated securities

In this simplified prospectus, references are made to credit ratings of debt securities, which measure an issuer's expected ability to pay principal and interest over time. Credit ratings are determined by rating agencies, such as Moody's Investors Services, Inc. ("Moody's"), Standard & Poor's Ratings Services ("S&P"), Fitch Ratings, Inc. ("Fitch") or DBRS Limited ("DBRS"). The following terms are generally used to describe the credit quality of debt securities depending on the security's credit rating or, if unrated, credit quality as determined by PIMCO:

- high quality;

- investment grade; and
- below investment grade ("high yield securities" or "junk bonds").

The Fund may purchase a security, regardless of any rating modification, provided the security is rated at or above the Fund's minimum rating category at the time of purchase. For example, the Fund may purchase a security rated B.

Rating agencies are private services that provide ratings of the credit quality of fixed income securities, including convertible securities. Ratings assigned by a rating agency are not absolute standards of credit quality and do not evaluate market risks. Rating agencies may fail to make timely changes in credit ratings and an issuer's current financial condition may be better or worse than a rating indicates. The Fund is not required to sell a security in the event such security is downgraded below the Fund's minimum investment quality, provided that such security met the Fund's minimum quality standard at the time of purchase. We do not rely solely on credit ratings, and we develop our own analysis of issuer credit quality.

The Fund may purchase unrated securities (which are not rated by a rating agency) if its portfolio manager determines that the security is of comparable quality to a rated security that the Fund may purchase. Unrated securities may be less liquid than comparable rated securities and involve the risk that the portfolio manager may not accurately evaluate the security's comparative credit rating. Analysis of the creditworthiness of issuers of high yield securities may be more complex than for issuers of higher-quality fixed income securities. To the extent that the Fund invests in high yield and/or unrated securities, the Fund's success in achieving its investment objective may depend more heavily on the portfolio manager's creditworthiness analysis than if the Fund invested exclusively in higher-quality and rated securities.

Event-linked exposure

The Fund may obtain event-linked exposure by investing in "event-linked bonds" or "event-linked swaps" or implement "event-linked strategies." Event-linked exposure results in gains or losses that typically are contingent, or formulaically related to defined trigger events. Examples of trigger events include hurricanes, earthquakes, weather-related phenomena, or statistics relating to such events. Some event-linked bonds are commonly referred to as "catastrophe bonds." If a trigger event occurs, the Fund may lose a portion of its entire principal invested in the bond or notional amount on a swap. Event-linked exposure often provides for an extension of maturity to process and audit loss claims where a trigger event has, or possibly has, occurred. An extension of maturity may increase volatility. Event-linked exposure may also expose the Fund to certain unanticipated risks including credit risk, counterparty risk, adverse regulatory or jurisdictional interpretations, and adverse tax consequences. Event-linked exposures may also be subject to liquidity risk.

Exchange-traded notes

Exchange-traded notes ("ETNs") are senior, unsecured, unsubordinated debt securities whose returns are linked to the performance of a particular market benchmark or strategy minus applicable fees. ETNs are a form of derivative known as "debt-like securities" for the purposes of Canadian regulatory rules. ETNs are traded on an exchange (e.g., the NYSE) during normal trading hours. However, investors can also hold the ETN until maturity. At maturity, the issuer pays to the investor a cash amount equal to the principal amount, subject to the day's market benchmark or strategy factor.

ETNs do not make periodic coupon payments or provide principal protection. ETNs are subject to credit risk and the value of the ETN may drop due to a downgrade in the issuer's credit rating, despite the underlying market benchmark or strategy remaining unchanged. The value of an ETN may also be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying assets, changes in the applicable interest rates, changes in the issuer's credit rating, and economic, legal, political, or geographic events that affect the referenced underlying asset. When the Fund invests in ETNs, it will bear its proportionate share of any fees and expenses borne by the ETN. The Fund's decision to sell its ETN holdings may be limited by the availability of a secondary market. ETNs are also subject to tax risk.

Inflation-indexed bonds

Inflation-indexed bonds (other than certain corporate inflation-indexed bonds, which are more fully described below) are fixed income securities whose principal value is periodically adjusted according to the rate of inflation. If the index measuring inflation falls, the principal value of inflation-indexed bonds (other than certain corporate inflation-indexed bonds) will be adjusted downward, and consequently the interest payable on these securities (calculated with respect to a smaller principal amount) will be reduced. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed in the case of certain sovereign debt inflation-indexed bonds. For bonds that do not provide a similar guarantee, the adjusted principal value of the bond repaid at maturity may be less than the original principal.

With regard to certain corporate inflation-indexed bonds, the inflation adjustment is reflected in the semi-annual coupon payment. As a result, the principal value of such corporate inflation-indexed bonds does not adjust according to the rate of inflation.

The value of inflation-indexed bonds is expected to change in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increase at a faster rate than inflation, real interest rates may rise, leading to a decrease in value of inflation-indexed bonds. Any increase in the principal amount of an inflation-indexed bond will be considered taxable ordinary income, even though investors do not receive their principal until maturity.

Lack of availability

Because the markets for certain derivative instruments (including markets located in foreign countries) are relatively new and still developing, suitable derivatives transactions may not be available in all circumstances for risk management or other purposes. Upon the expiration of a particular contract, a portfolio manager may wish to retain the Fund's position in the derivative instrument by entering into a similar contract, but may be unable to do so if the counterparty to the original contract is unwilling to enter into the new contract and no other suitable counterparty can be found. There is no assurance that the Fund will engage in derivatives transactions at any time or from time to time. The Fund's ability to use derivatives may also be limited by certain regulatory and tax considerations.

Loan participation and assignments

The Fund may invest in fixed- and floating-rate loans, which investments generally will be in the form of loan participations and assignments of portions of such loans. Participations and assignments involve special types of risk, including credit risk, interest rate risk, liquidity risk, and the risks of being a lender. If the Fund purchases a participation, it may only be able to enforce its rights through the lender, and may assume the credit risk of the lender in addition to the borrower.

Portfolio turnover

The length of time the Fund has held a particular security is not generally a consideration in investment decisions. A change in the securities held by the Fund is known as "portfolio turnover." The Fund may engage in frequent and active trading of portfolio securities to achieve its investment objective, particularly during periods of volatile market movements. High portfolio turnover (e.g., over 100%) involves correspondingly greater expenses to the Fund, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities. The trading costs associated with portfolio turnover may adversely affect the Fund's performance.

Securities selection

The Fund seeks maximum total return. The total return sought by the Fund consists of both income earned on the Fund's investments and capital appreciation, if any, arising from increases in the market value of the Fund's holdings. Capital appreciation of fixed income securities generally results from decreases in market interest rates, foreign currency appreciation, or improving credit fundamentals for a particular market sector or security.

In selecting securities for the Fund, we develop an outlook for interest rates, currency exchange rates and the economy; analyze credit and call risks, and use other security selection techniques. The proportion of the Fund's assets committed to investment in securities with particular characteristics (such as quality, sector, interest rate or maturity) varies based on our outlook for the Canadian economy and the economies of other countries in the world, the financial markets and other factors.

We attempt to identify areas of the bond market that are undervalued relative to the rest of the market. We identify these areas by grouping bonds into sectors such as: money markets, governments, corporates, mortgages, asset-backed and international. Sophisticated proprietary software then assists in evaluating sectors and pricing specific securities. Once investment opportunities are identified, we will shift assets among sectors depending upon changes in relative valuations and credit spreads. There is no guarantee that PIMCO Canada's security selection techniques will produce the desired results.

Variable and floating rate securities

Variable and floating rate securities provide for a periodic adjustment in the interest rate paid on the obligations. The Fund may invest in floating rate debt instruments ("floaters") and engage in credit spread trades. Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. The Fund may also invest in inverse floating rate debt instruments ("inverse floaters”). An inverse floater may exhibit greater price volatility than a fixed rate obligation of similar credit quality. The Fund may invest up to 10% of its total assets in any combination of mortgage-related or other asset-backed interest only, principal only or inverse floater securities. Additionally, the Fund may also invest, without limitation, in residual interest bonds.

When-issued, delayed delivery and forward commitment transactions

The Fund may purchase securities that it is eligible to purchase on a when-issued basis, may purchase and sell such securities for delayed delivery and may make contracts to purchase such securities for a fixed price at a future date beyond normal settlement time (forward commitments). When-issued transactions, delayed delivery purchases and forward commitments involve a risk of loss if the value of the securities declines prior to the settlement date. This risk is in addition to the risk that the Fund’s other assets will decline in value. Therefore, these transactions may result in a form of leverage and increase the Fund’s overall investment exposure. Typically, no income accrues on securities the Fund has committed to purchase prior to the time delivery of the securities is made, although the Fund may earn income on securities it has segregated or “earmarked” to cover these positions.

When the Fund has sold a security on a when-issued, delayed delivery, or forward commitment basis, the Fund does not participate in future gains or losses with respect to a security. If the other party to a transaction fails to pay for the securities, the Fund could realize a loss. Additionally, when selling a security on a when-issued, delayed delivery or forward commitment basis without owning the security, the Fund will incur a loss if the security’s price appreciates in value such that the security’s price is above the agreed upon price on the settlement date.

ESG factors

Where applicable, PIMCO considers relevant Environmental, Social and Governance (“ESG”) factors in its investment research process with the goal of enhancing risk-adjusted returns. Integrating relevant factors into the evaluation process does not mean that ESG related information is the sole or primary consideration for an investment decision. PIMCO’s portfolio managers and analyst teams consider a variety of factors including the materiality of those factors to make investment decisions. Where material, ESG factors can be important considerations when evaluating long-term investment opportunities and risks for asset classes, where applicable. The materiality of ESG considerations to investment decisions typically varies across asset classes, strategies, products and valuations.

Description of securities offered by the Fund

The Fund is authorized to issue an unlimited number of series divided into an unlimited number of units, each of which represents an equal undivided interest in the property of the Fund. The value of each unit will fluctuate proportionately with the market value of the assets of the Fund. All units of the Fund of the same series have equal rights and privileges with respect to the distribution of income and liquidation of the assets of the Fund after deducting expenses allocated to that series (other than in respect of management fee distributions). See “*Distribution rights*” in the detailed description of the Fund for more information on the Fund’s distribution policy.

The series of the Fund have different management fees and are intended for different investors. For more information on the different series of the Fund, see "*Purchases, switches and redemptions – Series of units*".

When issued, units of the Fund are fully paid and non-assessable and have no pre-emptive or conversion rights. Fractions of units may also be issued. As a holder of units of the Fund, you are entitled to require the Fund to redeem your units, as described under "*Purchases, switches and redemptions – How to redeem your units*". Upon liquidation or termination of the Fund, each unitholder is entitled to participate equally in the assets of the Fund after deducting the expenses of the Fund allocated to the series of units held.

Each unitholder of the Fund is entitled to vote on certain amendments to the Fund's Declaration of Trust in accordance with such document or where required by securities legislation. A separate series vote is required if a particular series is affected in a manner that is different from other series. At unitholder meetings, unitholders are entitled to one vote for each whole unit owned by them.

Subject to any exemption of the Canadian Securities Administrators obtained by the Fund, the following matters currently require unitholder approval pursuant to securities legislation:

- the appointment of a new manager, unless the new manager is an affiliate of PIMCO Canada;
- a change in the fundamental investment objective of the Fund;
- a decrease in the frequency of calculating the net asset value per unit of the Fund;
- in connection with Series A units, changing the basis of the calculation of a fee or expense that is charged to the Fund or directly to its unitholders by the Fund or the manager in connection with holding units of the Fund, in a way that could result in an increase in charges to the Fund or its unitholders. No unitholder approval will be required if the Fund is at arm's length to the person or company charging the fee or expense and if written notice is sent to all unitholders at least 60 days before the effective date of the change that could result in an increase in charges to the Fund;
- in connection with Series A units, introducing a fee or expense to be charged to the Fund or directly to its unitholders by the Fund or the manager in connection with holding units of the Fund, in a way that could result in an increase in charges to the Fund or its unitholders. No unitholder approval will be required if the Fund is at arm's length to the person or company charging the fee or expense and if written notice is sent to all unitholders at least 60 days before the effective date of the change that could result in an increase in charges to the Fund;
- in certain limited circumstances, a merger of the Fund into another issuer where the unitholders of the Fund will become the unitholders of the other issuer as a result of the merger; and

- in certain limited circumstances, a merger of an issuer (including another PIMCO Canada Fund) into the Fund (the "Continuing Fund") where the merger would be a significant change for the unitholders of the Continuing Fund.

Name, formation and history of the Fund

The Fund was established under the laws of Ontario as an open-ended unit trust pursuant to a Declaration of Trust.

The registered office of the Fund and PIMCO Canada is located at Commerce Court West, 199 Bay Street, Suite 2050, Toronto, Ontario M5L 1G2.

Risk factors

The value of the investments the Fund holds can change for a number of reasons. See below for detailed descriptions of each risk and additional information about the Fund, its investments and related risks.

General risks of investing in the Fund

The Fund is subject to the following risk factors:

Borrowing risk

From time to time, the Fund may borrow cash as a temporary measure to fund the portion of a distribution payable to its unitholders that represents amounts that are owing to, but have not yet been received by, the Fund. The Fund is limited to borrowing up to the amount of the portion of the distribution that represents, in the aggregate, amounts that are payable to the Fund but have not been received by the Fund and, in any event, not more than 5% of the net assets of the Fund. There is a risk that the Fund will not be able to repay the borrowed amount because it is unable to collect the distribution from the applicable issuer. Under these circumstances, the Fund would repay the borrowed amount by disposing of portfolio assets.

Call risk

Call risk refers to the possibility that an issuer may exercise its right to redeem a fixed income security earlier than expected (a call). Issuers may call outstanding securities prior to their maturity for a number of reasons (e.g., declining interest rates, changes in credit spreads and improvements in the issuer's credit quality). If an issuer calls a security in which the Fund has invested, the Fund may not recoup the full amount of its initial investment or may not realize the full anticipated earnings from the investment and may be forced to reinvest in lower-yielding securities, securities with greater credit risks or securities with other, less favorable features.

Convertible securities risk

Convertible securities are fixed income securities, preferred stocks or other securities that are convertible into or exercisable for common stock of the issuer (or cash or securities of equivalent value) at either a stated price or a stated rate. Convertible debt securities pay interest and convertible preferred stocks pay dividends until they mature or are converted, exchanged or redeemed. The market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. A convertible security's market value, however, tends to reflect the market price of the common stock of the issuing company when that stock price approaches or is greater than the convertible security's "conversion price." The conversion price is defined as the predetermined price at which the convertible security could be exchanged for the associated stock. Certain types of convertible securities may decline in value or lose their value entirely in the event the issuer's financial condition becomes significantly impaired. As the market price of the underlying common stock declines, the price of the convertible security tends to be influenced more by the yield of the convertible security. Thus, it may not decline in price to the same extent as the underlying common stock. In the event of a liquidation of the issuing company, holders of convertible securities would be paid before the company's common stockholders but after holders of any senior debt obligations of the company. Consequently, the issuer's convertible securities generally entail less risk than its common stock but more risk than its debt obligations. Convertible securities are often rated below investment grade or not rated.

Synthetic convertible securities involve the combination of separate securities that possess the two principal characteristics of a traditional convertible security (i.e., an income-producing component and a right to acquire an equity security). Synthetic convertible securities are often achieved, in part, through investments in warrants or options to buy common stock (or options on a stock index), and therefore are subject to the risks associated with derivatives. The value of a synthetic convertible security will respond differently to market fluctuations than a traditional convertible security because a synthetic convertible is composed of two or more separate securities or instruments, each with its own market value. Because the convertible component is typically achieved by investing in warrants or options to buy common stock at a certain exercise price, or options on a stock index, synthetic convertible securities are subject to the risks associated with derivatives. In addition, if the value of the underlying common stock or the level of the index involved in the convertible component falls below the exercise price of the warrant or option, the warrant or option may lose all value.

Contingent convertible securities ("CoCos") have no stated maturity, have fully discretionary coupons and are typically issued in the form of subordinated debt instruments. CoCos generally either convert into equity or have their principal written down upon the occurrence of certain triggering events ("triggers") linked to regulatory capital thresholds or regulatory actions relating to the issuer's continued viability. As a result, an investment by the Fund in CoCos is subject to the risk that coupon (i.e., interest) payments may be cancelled by the issuer or a regulatory authority in order to help the issuer absorb losses and the risk of total loss. If such an event occurs, an investor may not have any rights to repayment of the principal amount of the securities. Additionally, an investor may not be able to collect interest payments or dividends on such securities. An investment by the Fund in CoCos is also subject to the risk that, in the event of the liquidation, dissolution or winding-up of an issuer prior to a trigger event, the Fund's rights and claims will generally rank junior to the claims of holders of the issuer's other debt obligations. In addition, if CoCos held by the Fund are converted into the issuer's underlying equity securities following a trigger event, the Fund's holding may be further subordinated due to the conversion from a debt to equity instrument. Further, the value of an investment in CoCos is unpredictable and will be influenced by many factors and risks, including interest rate risk, credit risk, market risk and liquidity risk. An investment by the Fund in CoCos may result in losses to the Fund.

Corporate debt securities risk

Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. When interest rates rise, the value of corporate debt securities can be expected to decline. Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities.

Credit risk

The Fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivatives contract, repurchase agreement or a loan of portfolio securities, is unable or unwilling, or is perceived (whether by market participants, ratings agencies, pricing services or otherwise) as unable or unwilling, to make timely principal and/or interest payments, or to otherwise honour its obligations. The risk that such issuer, guarantor or counterparty is less willing or able to do so is heightened in market environments where interest rates are changing, notably when rates are rising. The downgrade of the credit of a security held by the Fund may decrease its value. Measures such as average credit quality may not accurately reflect the true credit risk of the Fund. This is especially the case if the Fund consists of securities with widely varying credit ratings. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings. This risk is greater to the extent the Fund uses leverage or derivatives in connection with the management of the Fund. Rising or high interest rates may deteriorate the credit quality of an issuer or counterparty, particularly if an issuer or counterparty faces challenges rolling or refinancing its obligations.

If a counterparty fails to perform its obligations to the Fund due to financial difficulties, the Fund may experience significant delays in obtaining any recovery (including recovery of any collateral it has provided to the counterparty) in a dissolution, assignment for the benefit of creditors, liquidation, winding-up, bankruptcy or other analogous proceeding. In the event that the Fund enters into a derivative transaction with a counterparty that subsequently becomes insolvent or becomes the subject of a bankruptcy case, the transaction may be terminated in accordance with its terms and the Fund’s ability to realize its rights under the derivative instrument and its ability to distribute the proceeds could be adversely affected. In addition, in the event of the insolvency of a counterparty to a derivative transaction, the derivative transaction would typically be terminated at its fair market value. If the Fund is owed this fair market value in the termination of the derivative transaction and its claim is unsecured, the Fund will be treated as a general creditor of such counterparty and will not have any claim with respect to any underlying security or asset. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances. While the Fund may seek to manage their counterparty risk by transacting with a number of counterparties, concerns about the solvency of, or a default by, one large market participant could lead to significant impairment of liquidity and other adverse consequences for other counterparties.

Currency risk

If the Fund invests directly in foreign (non-Canadian) currencies or in securities that trade in, and receive revenues in, foreign (non-Canadian) currencies, or in derivatives that provide exposure to foreign (non-Canadian) currencies, it will be subject to the risk that those currencies will decline in value relative to the Canadian dollar, or, in the case of hedging positions, that the Canadian dollar (or, for the US$ Series, the U.S. dollar) will decline in value relative to the currency being hedged. While the use of hedging strategies limits investors from benefiting from changes in currency, it also may limit currency risk.

Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by Canadian or foreign governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in Canada or abroad. As a result, the Fund's investments in foreign currency denominated securities may reduce the returns of the Fund.

Moreover, currency hedging techniques may be unavailable with respect to emerging market currencies. As a result, the Fund's investments in foreign currency-denominated, and especially emerging market currency-denominated, securities may reduce the returns of the Fund.

Cyber security risk

As the use of technology has become more prevalent in the course of business, the Fund have become potentially more susceptible to operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional cyber events from outside threat actors or internal resources that may, among other things, cause the Fund to lose proprietary information, suffer data corruption and/or destruction, lose operational capacity, result in the unauthorized release or other misuse of confidential information, or otherwise disrupt normal business operations. Geopolitical tensions can increase the scale and sophistication of deliberate cybersecurity attacks, particularly those from nation-states or from entities with nation-state backing, who may desire to use cybersecurity attacks to cause damage or create leverage against geopolitical rivals. Cyber security breaches may involve unauthorized access to the Fund's digital information systems (e.g., through "hacking" or malicious software coding), and may come from multiple sources, including outside attacks such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users) or cyber extortion, including exfiltration of data held for ransom and/or "ransomware" attacks that renders systems inoperable until ransom is paid, or insider actions (e.g., intentionally or unintentionally harmful acts of PIMCO personnel). In addition, cyber security breaches involving the Fund's third party service providers (including but not limited to advisers, sub-advisers, administrators, transfer agents, custodians, vendors, suppliers, distributors and other third parties), trading counterparties or issuers in which the Fund invests can also subject the Fund to many of the same risks associated with direct cyber security breaches or extortion of company data. PIMCO's use of cloud-based service providers could heighten or change these risks. In addition, work-from-home arrangements by the Manager, PIMCO or their service providers could increase all of the above risks, create additional data and information accessibility concerns, and make the Fund, the Manager, PIMCO or their service providers susceptible to operational disruptions, any of which could adversely impact their operations.

Cyber security failures or breaches may result in financial losses to the Fund and its unitholders. For example, cyber security failures or breaches involving trading counterparties or issuers in which the Fund invests could adversely impact such counterparties or issuers and cause the Fund's investment to lose value. These failures or breaches may also result in disruptions to business operations, potentially resulting in financial losses; interference with the Fund's ability to calculate its NAV, process unitholder transactions or otherwise transact business with unitholders; impediments to trading; violations of applicable privacy and other laws; regulatory fines; penalties; third-party claims in litigation; reputational damage; reimbursement or other compensation costs;

additional compliance and cyber security risk management costs and other adverse consequences. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future.

Derivatives risk

Derivatives and other similar instruments (referred to collectively as "derivatives" or "derivative instruments") are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. The Fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described elsewhere in this section, including liquidity risk (which may be heightened for highly-customized derivatives), interest rate risk, market risk, credit (including counterparty) risk, operational risk (such as documentation issues, settlement issues and systems failures), legal risk (such as insufficient documentation, insufficient capacity or authority of a counterparty, and issues with the legality or enforceability of a contract), tax risk and management risk, as well as risks arising from changes in applicable requirements, risks arising from margin requirements and risks arising from mispricing or valuation complexity. They also involve the risk that changes in the value of a derivative instrument may not correlate perfectly with the underlying asset, rate or index. By investing in a derivative instrument, the Fund could lose more than the initial amount invested and derivatives may increase the volatility of the Fund, especially in unusual or extreme market conditions. The Fund may be required to hold additional cash or sell other investments in order to obtain cash to close out a position and changes in the value of a derivative may also create margin delivery or settlement payment obligations for the Fund. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that the Fund will engage in these transactions to reduce exposure to other risks when that would be beneficial or that, if used, such strategies will be successful. The Fund's use of derivatives may increase or accelerate the amount of taxes payable by unitholders.

Non-centrally-cleared over-the-counter ("OTC") derivatives are also subject to the risk that a counterparty to the transaction will not fulfill its contractual obligations to the other party, as many of the protections afforded to centrally-cleared derivative transactions might not be available for non-centrally-cleared OTC derivatives. The primary credit risk on derivatives that are exchange-traded or traded through a central clearing counterparty resides with the Fund's clearing broker, or the clearinghouse itself.

Participation in the markets for derivative instruments involves investment risks and transaction costs to which the Fund may not be subject absent the use of these strategies. The skills needed to successfully execute derivative strategies may be different from those needed for other types of transactions. If the Fund incorrectly forecasts the value and/or creditworthiness of securities, currencies, interest rates, counterparties or other economic factors involved in a derivative transaction, the Fund might have been in a better position if the Fund had not entered into such derivative transaction. In evaluating the risks and contractual obligations associated with particular derivative instruments, it is important to consider that certain derivative transactions may be modified or terminated only by mutual consent of the Fund and its counterparty.

Therefore, it may not be possible for the Fund to modify, terminate, or offset the Fund's obligations or the Fund's exposure to the risks associated with a derivative transaction prior to its scheduled termination or maturity date, which may create a possibility of increased volatility and/or decreased liquidity to the Fund. Hedges are sometimes subject to imperfect matching between the derivative and the underlying instrument, and there can be no assurance that the Fund's hedging transactions will be effective. Derivatives used for hedging or risk management may not operate as intended and may expose the Fund to additional risks. In such case, the Fund may lose money.

Because the markets for certain derivative instruments (including markets located in foreign countries) are relatively new and still developing, appropriate derivative transactions may not be available in all circumstances for risk management or other purposes. Upon the expiration of a particular contract, the Fund may wish to retain its position in the derivative instrument by entering into a similar contract, but may be unable to do so if the counterparty to the original contract is unwilling to enter into the new contract and no other suitable counterparty can be found. When such markets are unavailable, the Fund will be subject to increased liquidity and investment risk.

When a derivative is used as a hedge against a position that the Fund holds, any loss generated by the derivative generally should be substantially offset by gains on the hedged investment, and vice versa. Although hedging can reduce or eliminate losses, it can also reduce or eliminate gains. Hedges are sometimes subject to imperfect matching between the derivative and the underlying instrument, and there can be no assurance that the Fund's hedging transactions will be effective. Derivatives used for hedging or risk management may not operate as intended or may expose the Fund to additional risks. In addition, derivatives used for hedging may partially protect the Fund from the risks they were intended to hedge yet not fully mitigate the impact of such risks. The regulation of the derivatives markets has increased over the past several years, and additional future regulation of the derivatives markets may make derivatives more costly, may limit the availability or reduce the liquidity of derivatives, or may otherwise adversely affect the value or performance of derivatives. Any such adverse future developments could impair the effectiveness or raise the costs of the Fund's derivative transactions, impede the employment of the Fund's derivatives strategies, or adversely affect the Fund's performance and cause the Fund to lose value.

Emerging markets risk

Foreign investment risk may be particularly high to the extent that the Fund invests in securities of issuers based in or doing business in emerging market countries or invests in securities denominated in the currencies of emerging market countries. Investing in securities of issuers based in or doing business in emerging markets entails all of the risks of investing in foreign securities noted above, but to a heightened degree.

Investments in emerging market countries pose a greater degree of systemic risk (i.e., the risk of a cascading collapse of multiple institutions within a country, and even multiple national economies). The inter-relatedness of economic and financial institutions within and among emerging market economies has deepened over the years, with the effect that institutional failures and/or economic difficulties that are of initially limited scope may spread throughout a country, a region or all or most emerging market countries. This may undermine any attempt by the Fund to reduce risk through geographic diversification of its portfolio.

There is a heightened possibility of imposition of withholding taxes on interest or dividend income generated from emerging market securities. Governments of emerging market countries may engage in confiscatory taxation or expropriation of income and/or assets to raise revenues or to pursue a domestic political agenda. In the past, emerging market countries have nationalized assets, companies and even entire sectors, including the assets of foreign investors, with inadequate or no compensation to the prior owners. There can be no assurance that the Fund will not suffer a loss of any or all of its investments, or interest or dividends thereon, due to adverse fiscal or other policy changes in emerging market countries.

There is also a greater risk that an emerging market government may take action that impedes or prevents the Fund from taking income and/or capital gains earned in the local currency and converting into U.S. dollars (i.e., "repatriating" local currency investments or profits). Certain emerging market countries have sought to maintain foreign exchange reserves and/or address the economic volatility and dislocations caused by the large international capital flows by controlling or restricting the conversion of the local currency into other currencies. This risk tends to become more acute when economic conditions otherwise worsen. There can be no assurance that if the Fund earns income or capital gains in an emerging market currency or the Manager otherwise seeks to withdraw the Fund's investments from a given emerging market country, capital controls imposed by such country will not prevent, or cause significant expense, or delay in, doing so.

Bankruptcy law and creditor reorganization processes may differ substantially from those in Canada, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain emerging market countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain. In addition, it may be impossible to seek legal redress against an issuer that is a sovereign state.

Emerging market countries typically have less established legal, accounting, recordkeeping and financial reporting systems than those in more developed markets, which may increase the potential for market manipulation or reduce the scope or quality of financial information available to investors. Governments in emerging market countries are often less stable and more likely to take extra-legal action with respect to companies, industries, assets, or foreign ownership than those in more developed markets. Moreover, it can be more difficult for investors to bring litigation or enforce judgments against issuers in emerging markets or for Canadian regulators to bring enforcement actions against such issuers. The Fund may also be subject to emerging markets risk if it invests in derivatives or other securities or instruments whose value or return are related to the value or returns of emerging markets securities.

Other heightened risks associated with emerging markets investments include without limitation (i) risks due to less social, political and economic stability; (ii) the smaller size of the market for such securities and a lower volume of trading, resulting in a lack of liquidity and in price volatility; (iii) certain national policies which may restrict the Fund's investment opportunities, including sanctions and restrictions on investing in issuers or industries deemed sensitive to relevant national interests and requirements that government approval be obtained prior to investment by foreign persons; (iv) certain national policies that may restrict the Fund's repatriation of investment income, capital or the proceeds of sales of securities, including temporary restrictions on foreign capital remittances; (v) the lack of uniform accounting and auditing standards and/or standards that may be significantly different from the standards required in Canada; (vi) less publicly available financial and other information regarding issuers; (vii) potential difficulties in enforcing contractual obligations; and (viii) higher rates of inflation, higher interest rates and other economic concerns. The Fund may invest to a substantial extent in emerging market securities that are denominated in local currencies, subjecting the Fund to a greater degree of foreign currency risk. Also, investing in emerging market countries may entail purchases of securities of issuers that are insolvent, bankrupt or otherwise of questionable ability to satisfy their payment obligations as they become due, subjecting the Fund to a greater amount of credit risk and/or high yield risk. The economy of some emerging markets may be particularly exposed to or affected by a certain industry or sector, and therefore issuers and/or securities of such emerging markets may be more affected by the performance of such industries or sectors.

Fannie Mae and Freddie Mac risk

The PIMCO Canada Funds have received permission to invest more than 10% of their assets in Fannie and Freddie Securities. Fannie Mae and Freddie Mac are U.S. government-sponsored enterprises that provide liquidity to the U.S. residential mortgage market by issuing securities and using the proceeds primarily to purchase mortgages from financial institutions. Fannie and Freddie Securities are not expressly guaranteed by the U.S. government, but are widely believed to be implicitly guaranteed by the U.S. government and have the same credit rating as the U.S. government. If Fannie Mae or Freddie Mac default on their obligations, there is a risk that the U.S. government will not guarantee payment of those obligations. Any PIMCO Canada Fund that holds Fannie and Freddie Securities has credit risk. This risk is greater if the Fund invests more than 10% of its assets in the securities of Fannie Mae or Freddie Mac, because of the concentration of the Fund's assets in these securities.

Foreign investment risk

The Fund may invest in securities and instruments that are economically tied to foreign (non-Canadian) countries. We generally consider an instrument to be economically tied to a foreign country if the issuer is a foreign government (or any political subdivision, agency, authority or instrumentality of such government), or if the issuer is organized under the laws of a foreign country. In the case of certain money market instruments, such instruments will be considered economically tied to a foreign country if either the issuer or the guarantor of such money market instrument is organized under the laws of a foreign country. With respect to derivative instruments, we generally consider such instruments to be economically tied to foreign countries if the underlying assets are foreign currencies (or baskets or indexes of such currencies), or instruments or securities that are issued by foreign governments or issuers organized under the laws of a foreign country (or if the underlying assets are certain money market instruments, if either the issuer or the guarantor of such money market instruments is organized under the laws of a foreign country).

Investing in foreign securities involves special risks and considerations not typically associated with investing in Canadian securities. If the Fund invests in foreign (non-Canadian) securities, it may experience more rapid and extreme changes in value than a PIMCO Canada Fund that invests exclusively in securities of Canadian companies. The securities markets of many foreign countries are relatively small, with a limited number of companies representing a small number of industries. Additionally, issuers of foreign securities are usually not subject to the same degree of regulation as Canadian issuers. Reporting, accounting and auditing standards of foreign countries differ, in some cases significantly, from Canadian standards. Also, nationalization, expropriation or confiscatory taxation, currency blockage, political changes, diplomatic developments or the imposition of sanctions or other similar measures could adversely affect the Fund's investments in a foreign country. In the event of nationalization, expropriation or other confiscation, the Fund could lose its entire investment in foreign securities. The type and severity of sanctions and other similar measures, including counter sanctions and other retaliatory actions, that may be imposed could vary broadly in scope, and their impact is difficult to ascertain. These types of measures may include, but are not limited to, banning a sanctioned country or certain persons or entities associated with such country from global payment systems that facilitate cross-border payments, restricting the settlement of securities transactions by certain investors, and freezing the assets of particular countries, entities or persons. The imposition of sanctions and other similar measures could, among other things, result in a decline in the value and/or liquidity of securities issued by the sanctioned country or companies located in or economically tied to the sanctioned country, downgrades in the credit ratings of the sanctioned country's securities or those of companies located in or economically tied to the sanctioned country, currency devaluation or volatility, and increased market volatility and disruption in the sanctioned country and throughout the world. Sanctions and other similar measures could directly or indirectly limit or prevent the Fund from buying and selling securities (in the sanctioned country and other markets), significantly delay or prevent the settlement of securities transactions and adversely impact the Fund's liquidity and performance. Adverse conditions in a certain region can adversely affect securities of other countries whose economies appear to be unrelated. To the extent that the Fund invests a significant portion of its assets in a specific geographic region, the Fund will generally have more exposure to regional economic risks including weather emergencies and natural disasters associated with foreign investments. Foreign securities may also be less liquid and more difficult to value than securities of Canadian issuers.

Investment income received by the Fund from sources within foreign countries may be subject to foreign income tax withheld at the source. Any foreign withholding taxes could reduce the Fund's distributions paid to you. Canada has entered into tax treaties with certain foreign countries which may entitle the Fund to a reduced rate of tax on such income. Some countries require the filing of a tax reclaim or other forms to receive the benefit of the reduced tax rate. Whether or when the Fund will receive the tax reclaim is within the control of the particular foreign country. Information required on these forms may not be available (such as unitholder information); therefore, the Fund may not receive the reduced treaty rates or potential reclaims. Certain countries have conflicting and changing instructions and restrictive timing requirements which may cause the Fund not to receive the reduced treaty rates or potential reclaims. Certain countries may subject capital gains realized by the Fund on sale or disposition of certain securities to taxation in that country. In some instances it may be more costly to pursue tax reclaims than the value of the benefits received by the Fund. If the Fund obtains a refund of foreign taxes, the net asset value of the Fund will not be restated and the amount will remain in the Fund to the benefit of the then-existing unitholders.

Investors should consider carefully the substantial risks involved for PIMCO Canada Funds that invest in securities issued by foreign companies and governments of foreign countries. These risks include: differences in accounting, auditing and financial reporting standards; generally higher commission rates on foreign portfolio transactions; the possibility of nationalization, expropriation or confiscatory taxation; adverse changes in investment or exchange control regulations; and political instability. Individual foreign economies may differ favourably or unfavourably from the Canadian economy in such respects as growth of gross domestic product, rates of inflation, capital reinvestment, resources, self-sufficiency and balance of payments position. The securities markets, values of securities, yields and risks associated with foreign securities markets may change independently of each other. Foreign securities often trade with less frequency and volume than domestic securities and therefore may exhibit greater price volatility. Investments in foreign securities may also involve higher custodial costs than domestic investments and additional transaction costs with respect to foreign currency conversions. Changes in foreign exchange rates also will affect the value of securities denominated or quoted in foreign currencies. Certain PIMCO Canada Funds also may invest in sovereign debt issued by governments, their agencies or instrumentalities, or other government-related entities. Holders of sovereign debt may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. In addition, there is no bankruptcy proceeding by which defaulted sovereign debt may be collected.

Inflation and deflation risk

Inflation risk is the risk that the value of assets or income from the Fund's investments will be worth less in the future as inflation decreases the value of payments at future dates. As inflation increases, the real value of the Fund's portfolio could decline. Inflation rates may change frequently and significantly as a result of various factors, including unexpected shifts in the domestic or global economy or changes in fiscal or monetary policies. Deflation risk is the risk that prices throughout the economy decline over time. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of the Fund's portfolio and units.

Interest rate risk

Interest rate risk is the risk that fixed income securities, dividend paying equity securities and other instruments in the Fund's portfolio will fluctuate in value because of a change in interest rates. As nominal interest rates rise, the value of certain fixed income securities or dividend-paying equity securities held by the Fund is likely to decrease. The Fund may not be able to hedge against changes in interest rates or may choose not to do so for cost or other reasons.

A wide variety of factors can cause interest rates or yields of U.S. Treasury securities (or yields of other types of bonds) to rise including but not limited to central bank monetary policies, changing inflation or real growth rates, general economic conditions, increasing bond issuances or reduced market demand for low yielding investments. Further, in market environments where interest rates are rising, issuers may be less willing or able to make principal and interest payments on fixed-income investments when due. Actions by governments and central banking authorities can result in increases or decreases in interest rates. Periods of higher inflation could cause such authorities to raise interest rates, which may adversely affect the Fund and its investments.

Further, fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Duration is a measure used to determine the sensitivity of a security's price to changes in interest rates that incorporates a security's yield, coupon, final maturity and call features, among other characteristics. Duration is useful primarily as a measure of the sensitivity of a fixed income security's market price to interest rate (i.e., yield) movements.

The values of equity and other non-fixed income securities may also decline due to fluctuations in interest rates. Inflation indexed bonds decline in value when real interest rates rise. In certain interest rate environments, such as when real interest rates are rising faster than nominal interest rates, inflation indexed bonds may experience greater losses than other fixed income securities with similar durations. All other things remaining equal, for each one percentage point increase in interest rates, the value of a portfolio of fixed income investments would generally be expected to decline by one percent for every year of the portfolio's average duration above zero. For example, the value of a portfolio of fixed income securities with an average duration of eight years would generally be expected to decline by approximately 8% if interest rates rose by one percentage point.

Variable and floating rate securities may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Inverse floating rate securities may decrease in value if interest rates increase. Inverse floating rate securities may also exhibit greater price volatility than a fixed rate obligation with similar credit quality. When the Fund holds variable or floating rate securities, a decrease (or, in the case of inverse floating rate securities, an increase) in market interest rates will adversely affect the income received from such securities and the NAV of the Fund's units.

During periods of very low or negative interest rates, the Fund may be unable to maintain positive returns. Very low or negative interest rates may magnify interest rate risk. Changing interest rates, including rates that fall below zero, may have unpredictable effects on markets, may result in heightened market volatility and may detract from Fund performance to the extent the Fund is exposed to such interest rates.

Measures such as average duration may not accurately reflect the true interest rate sensitivity of the Fund. This is especially the case if the Fund consists of securities with widely varying durations. Therefore, if the Fund has an average duration that suggests a certain level of interest rate risk, the Fund may in fact be subject to greater interest rate risk than the average would suggest. This risk is greater to the extent the Fund uses leverage or derivatives in connection with the management of the Fund.

Convexity is an additional measure used to understand a security's or Fund's interest rate sensitivity. Convexity measures the rate of change of duration in response to changes in interest rates. With respect to a security's price, a larger convexity (positive or negative) may imply more dramatic price changes in response to changing interest rates. Convexity may be positive or negative. Negative convexity implies that interest rate increases result in increased duration, meaning increased sensitivity in prices in response to rising interest rates. Thus, securities with negative convexity, which may include bonds with traditional call features and certain mortgage-backed securities, may experience greater losses in periods of rising interest rates. Accordingly, if the Fund holds such securities, the Fund may be subject to a greater risk of losses in periods of rising interest rates.

Rising interest rates may result in periods of volatility and a decline in value of the Fund's fixed income investments. Also, when interest rates rise, issuers are less likely to refinance existing debt securities, causing the average life of such securities to extend. Further, while U.S. bond markets have steadily grown over the past three decades, dealer "market making" ability has remained relatively stagnant. As a result, dealer inventories of certain types of bonds and similar instruments, which provide a core indication of the ability of financial intermediaries to "make markets," are at or near historic lows in relation to market size. Because market makers provide stability to a market through their intermediary services, a significant reduction in dealer inventories could potentially lead to decreased liquidity and increased volatility in the fixed income markets. Such issues may be exacerbated during periods of economic uncertainty. All of these factors, collectively and/or individually, could cause the Fund to lose value.

Issuer non-diversification risk

Focusing investments in a small number of issuers, industries or foreign currencies increases risk. Funds that are "non-diversified" may invest a greater percentage of their assets in the securities of a single issuer (such as bonds issued by a particular sovereign) than funds that are "diversified." Funds that invest in a relatively small number of issuers are more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be. Some of those issuers also may present substantial credit or other risks.

Legal risk

Legal risk generally refers to insufficient documentation, insufficient capacity or authority of a counterparty, or legality or enforceability of a contract. Difficulty in protecting and enforcing legal rights may adversely affect the value of the Fund.

LIBOR transition risk

Certain instruments in which the Fund may invest have relied or continue to rely in some fashion upon the London Interbank Offered Rate ("LIBOR"). LIBOR was traditionally an average interest rate, determined by the ICE Benchmark Administration, that banks charge one another for the use of short-term money. On March 5, 2021, the Financial Conduct Authority ("FCA"), the United Kingdom's financial regulatory body and regulator of LIBOR, publicly announced that all U.S. Dollar LIBOR settings will either cease to be provided by any administrator or will no longer be representative (i) immediately after December 31, 2021 for one-week and two-month U.S. Dollar LIBOR settings and (ii) immediately after June 30, 2023 for the remaining U.S. Dollar LIBOR settings. As of January 1, 2022, as a result of supervisory guidance from U.S. regulators, U.S. regulated entities have generally ceased entering into new LIBOR contracts with limited exceptions. Publication of all Japanese yen and the one-, three- and six-month sterling LIBOR settings have ceased. Certain bank-sponsored committees in other jurisdictions, including Europe, the United Kingdom, Japan and Switzerland, have selected alternative reference rates denominated in other currencies. Although the transition process away from LIBOR for many instruments has been completed, some LIBOR use is continuing and there are potential effects related to the transition away from LIBOR or continued use of LIBOR on the Fund, or on certain instruments in which the Fund invests, which can be difficult to ascertain, and may vary depending on factors that include, but are not limited to: (i) existing fallback or termination provisions in individual contracts and (ii) whether, how, and when industry participants adopt new reference rates for affected instruments. So-called "tough legacy" contracts have LIBOR interest rate provisions with no fallback provisions contemplating a permanent discontinuation of LIBOR, inadequate fallback provisions or fallback provisions which may not effectively result in a transition away from LIBOR prior to LIBOR's planned replacement date. On March 15, 2022, the *Adjustable Interest Rate (LIBOR) Act* was signed into law. This law provides a statutory fallback mechanism on a nationwide basis to replace LIBOR with a benchmark rate that is selected by the Board of Governors of the Federal Reserve System based on the Secured Overnight Financing Rate ("SOFR") for tough legacy contracts. On February 27, 2023, the Federal Reserve System's final rule in connection with this law became effective, establishing benchmark replacements based on SOFR and Term SOFR (a forward-looking measurement of market expectations of SOFR implied from certain derivatives markets) for applicable tough legacy contracts governed by U.S. law. In addition, the FCA has announced that it will require the publication of synthetic LIBOR for the one-month, three-month and six-month U.S. Dollar LIBOR settings after June 30, 2023 through at least September 30, 2024. Certain of the Fund's investments may involve individual tough legacy contracts which may be subject to the *Adjustable Interest Rate (LIBOR) Act* or synthetic LIBOR and no assurances can be given that these measures will have had the intended effects. Moreover, certain aspects of the transition from LIBOR have relied or will continue to rely on the actions of third-party market participants, such as clearing houses, trustees, administrative agents, asset servicers and certain service providers; PIMCO cannot guarantee the performance of such market participants and any failure on the part of such market participants to manage their part of the LIBOR transition could impact the Fund. The transition of investments from LIBOR to a replacement rate as a result of amendment, application of existing fallbacks, statutory requirements or otherwise may also result in a reduction in the value of certain instruments held by the Fund or a reduction in the effectiveness of related Fund transactions such as hedges. In addition, an instrument's transition to a replacement rate could result in variations in the reported yields of the Fund that holds such instrument. Any such effects of the transition away from LIBOR, as well as other unforeseen effects, could result in losses to the Fund. Transitions from previously existing benchmark reference rates in other jurisdictions, such as the transition from the Canadian Dollar Offered Rate (CDOR) to the Canadian Overnight Repo Rate Average (CORRA) in Canada, may be subject to risks similar to those which may occur in the transition from LIBOR.

Management risk

The Fund is subject to management risk because it is an actively managed investment portfolio. We will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these decisions will produce the desired results. Additionally, legislative, regulatory, or tax restrictions, policies or developments may affect the investment techniques available to us in connection with managing the Fund and may also adversely affect the ability of the Fund to achieve its investment objectives.

Market risk

The market price of securities owned by the Fund may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to a particular company or issuer, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, actual or threatened tariffs or other protectionist measures, or adverse investor sentiment generally. The value of a security may also decline due to factors which affect a particular industry or industries, such as labour shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. Equity securities generally have greater price volatility than fixed income securities. Credit ratings downgrades may also negatively affect securities held by the Fund. Even when markets perform well, there is no assurance that the investments held by the Fund will increase in value along with the broader market.

In addition, market risk includes the risk that geopolitical and other events will disrupt the economy on a national or global level. For instance, war or military conflict, terrorism, social unrest, recessions, supply chain disruptions, market manipulation, government defaults, government shutdowns, political changes, diplomatic developments or the imposition of sanctions and other similar measures, public health emergencies (such as the spread of infectious diseases, pandemics and epidemics) and natural/environmental disasters can all negatively impact the securities markets, which could cause the Fund to lose value. These events could reduce consumer demand or economic output, result in market closures, travel restrictions or quarantines, and significantly adversely impact the economy. The current contentious domestic political environment, as well as political and diplomatic events within the United States and abroad, such as presidential elections in the U.S. or abroad, or the U.S. government's inability at times to agree on a long-term budget and deficit reduction plan, has in the past resulted, and may in the future result, in a government shutdown or otherwise adversely affect the U.S. regulatory landscape, the general market environment and/or investor sentiment, which could have an adverse impact on the Fund's investments and operations. Additional and/or prolonged U.S. federal government shut-downs may affect investor and consumer confidence and may adversely impact financial markets and the broader economy, perhaps suddenly and to a significant degree. Governmental and quasi-governmental authorities and regulators throughout the world have previously responded to serious economic disruptions with a variety of significant fiscal and monetary policy changes, including but not limited to, direct capital infusions into companies, new monetary programs and dramatically lower interest rates. An unexpected or sudden reversal of these policies, or the ineffectiveness of these policies, could increase volatility in securities markets, which could adversely affect the Fund's investments. Any market disruptions could also prevent the Fund from executing advantageous investment decisions in a timely manner. To the extent that the Fund has focused its investments in a region enduring geopolitical market disruption, the Fund will face higher risks of loss, although the increasing interconnectivity between global economies and financial markets can lead to events or conditions in one country, region or financial market adversely impacting a different country, region or financial market. Thus, investors should closely monitor current market conditions to determine whether the Fund meets their individual financial needs and tolerance for risk.

During inflationary price movements, fixed income securities markets may experience heightened levels of interest rate, volatility and liquidity risk. Interest rate increases in the future could cause the value of the Fund that invests in fixed income securities to decrease.

Exchanges and securities markets may close early, close late or issue trading halts on specific securities, which may result in, among other things, the Fund being unable to buy or sell certain securities or financial instruments at an advantageous time or accurately price its portfolio investments.

Mortgage-related and other asset-backed securities risk

Mortgage-related securities include mortgage pass-through securities, collateralized mortgage obligations ("CMOs"), commercial mortgage-backed securities, mortgage dollar rolls, CMO residuals, stripped mortgage-backed securities ("SMBSs") and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property. Collateralized debt obligations include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs") and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a trust which is backed by a diversified pool of high risk, below investment grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans.

Mortgage-related and other asset-backed securities often involve risks that are different from or more acute than risks associated with other types of debt instruments. Generally, rising interest rates tend to extend the duration of fixed rate mortgage-related securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, if the Fund holds mortgage-related securities, it may exhibit additional volatility. This is known as extension risk. In addition, adjustable and fixed rate mortgage related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of the Fund because the Fund may have to reinvest that money at the lower prevailing interest rates. The Fund's investments in other asset-backed securities are subject to risks similar to those associated with mortgage-related securities, as well as additional risks associated with the nature of the assets and the servicing of those assets.

The value of some mortgage- or asset-backed securities may be particularly sensitive to changes in prevailing interest rates. Early repayment of principal on some mortgage-related securities may expose the Fund to a lower rate of return upon reinvestment of principal. When interest rates rise, the value of a mortgage-related security generally will decline; however, when interest rates are declining, the value of mortgage-related securities with prepayment features may not increase as much as other fixed income securities. The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage-related security, and may shorten or extend the effective maturity of the security beyond what was anticipated at the time of purchase. If unanticipated rates of prepayment on underlying mortgages increase the effective maturity of a mortgage-related security, the volatility of the security can be expected to increase. The value of these securities may fluctuate in response to the market's perception of the creditworthiness of the issuers. Additionally, although mortgages and mortgage-related securities are generally supported by some form of government or private guarantee and/or insurance, there is no assurance that private guarantors or insurers will meet their obligations.

One type of SMBS has one class receiving all of the interest from the mortgage assets (the interest-only, or "IO" class), while the other class will receive all of the principal (the principal-only, or "PO" class). The yield to maturity on an IO class is extremely sensitive to the rate of principal payments (including prepayments) on the underlying mortgage assets, and a rapid rate of principal payments may have a material adverse effect on the Fund's yield to maturity from these securities.

Operational risk

An investment in the Fund, like any fund, can involve operational risks arising from factors such as processing errors, human errors, inadequate or failed internal or external processes, failures in systems and technology, changes in personnel and errors caused by third-party service providers. The occurrence of any of these failures, errors or breaches could result in a loss of information, regulatory scrutiny, reputational damage or other events, any of which could have a material adverse effect on the Fund. While the Fund seeks to minimize such events through controls and oversight, there may still be failures that could cause losses to the Fund.

Series risk

The Fund is available in more than one series of units. Each series has its own fees and expenses, which the Fund tracks separately. If, for any reason, the Fund cannot pay the expenses of one series using its proportionate share of the Fund's assets, the Fund will be required to pay those expenses out of the other series' proportionate share of the assets. This could lower the investment return of the other series.

Hedging and other derivatives transactions will be clearly attributable to a specific series. The costs and gains/losses of these transactions will accrue solely to the relevant series and will be reflected in the net asset value per unit of that series. However, investors should note that there is no segregation of liability between series of units. Unitholders therefore are exposed to the risk that hedging transactions undertaken in one series may impact unfavorably the net asset value of another series.

Short exposure risk

The Fund's short sales and short positions, if any, are subject to special risks. A short sale involves the sale by the Fund of a security that it does not own with the hope of purchasing the same security at a later date at a lower price. The Fund may also enter into a short position through a forward commitment or a short derivative position through a futures contract or swap agreement. If the price of the security or derivative has increased during this time, then the Fund will incur a loss equal to the increase in price from the time that the short sale was entered into plus any transaction costs (e.g., premiums and interest) paid to the broker-dealer to borrow securities. Therefore, short sales involve the risk that losses may be exaggerated, potentially losing more money than the actual cost of the investment. By contrast, a loss on a long position arises from decreases in the value of the security and is limited by the fact that a security's value cannot decrease below zero.

Significant unitholder risk

The purchase or redemption of a significant number of units of the Fund may require the portfolio adviser to change the composition of the Fund's portfolio significantly or may force the portfolio adviser to buy or sell investments at unfavourable prices, which can affect the Fund's performance.

If the Fund experiences a "loss restriction event" (i) the Fund will be deemed to have a year-end for tax purposes, and (ii) the Fund will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. Generally, the Fund will be subject to a loss restriction event when a person becomes a "majority-interest beneficiary" of the Fund, or a group of persons becomes a "majority-interest group of beneficiaries" of the Fund, as those terms are defined in the affiliated persons rules contained in the Tax Act, with appropriate modifications. Generally, a majority-interest beneficiary of the Fund will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, respectively, in the Fund. A person is deemed not to become a majority-interest beneficiary, and a group of persons is deemed not to become a majority-interest group of beneficiaries, of the Fund, if the Fund meets certain investment requirements and qualifies as an "investment fund" for purposes of the loss restriction event rules.

Tax risk

It is anticipated that the Fund will qualify, or will be deemed to qualify, at all times as a "mutual fund trust" within the meaning of the Tax Act. For the Fund to qualify as a "mutual fund trust", it must comply on a continuous basis with certain requirements relating to the qualification of its units for distribution to the public, the number of unitholders and the dispersal of ownership of a particular class of its units. It is the Manager's intention that the conditions prescribed in the Tax Act for qualification as a mutual fund trust once met will be satisfied on a continuing basis. If the Fund not to qualify or were to cease to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading "*Income Tax Considerations*" could be materially and adversely different in some respects. For example, if the Fund does not qualify as a mutual fund trust for the purposes of the Tax Act throughout a taxation year, the Fund may be liable to pay alternative minimum tax and/or tax under Part XII.2 of the Tax Act, and would not be entitled to a capital gains refund.

There can be no assurance that the tax laws applicable to the Fund, including the treatment of certain gains and losses as capital gains and losses, will not be changed in a manner which could adversely affect the Fund or the unitholders of the Fund. Furthermore, there can be no assurance that the CRA will agree with the Manager's characterization of the gains and losses of the Fund as capital gains and losses or ordinary income and losses in specific circumstances. If any transactions of the Fund are reported by it on capital account but are subsequently determined by the CRA to be on income account, there may be an increase in the net income of the Fund for tax purposes, and the taxable distributions made by the Fund to unitholders, with the result that unitholders could be reassessed by CRA to increase their taxable income. A reassessment by the CRA may also result in the Fund being liable for unremitted withholding tax on prior distributions to non-resident unitholders. Such liability may reduce the net asset value of the units of the Fund.

The Tax Act contains rules concerning the taxation of publicly traded Canadian trusts and partnerships (defined as "SIFT trusts" or "SIFT partnerships", respectively) that own certain types of property defined as "non-portfolio property" (the "SIFT Rules"). A fund that offers Exchange Traded Series units will be a "SIFT trust" for purposes of the SIFT Rules if it holds a "non-portfolio property" (as defined in the Tax Act), or holds derivative instruments held in its portfolio or any other property in the course of carrying on business in Canada. A fund that is subject to the SIFT Rules will generally be subject to tax at Canadian corporate income tax rates on income from a non-portfolio property, net taxable capital gains realized on the disposition of a non-portfolio property, or income from a business, to the extent that such income is distributed to its unitholders. Distributions of such income received by unitholders of SIFT trusts (and allocations of such income made to members of SIFT partnerships) are treated as eligible dividends from a taxable Canadian corporation. If the Fund is considered to be a SIFT trust, the total of the tax payable on its non-portfolio earnings and the tax payable by a unitholder on the distribution of those earnings will generally be more than the tax that would have been payable in the absence of the application of the SIFT Rules; particularly in the case of registered plans. As the Fund offers Exchange Traded Series units, it is expected to restrict its investments and activities so its non-portfolio earnings and thus SIFT tax liability is immaterial for each taxation year; however, no assurance can be given in this regard.

If the Fund realizes capital gains as a result of the transfer or disposition of its property undertaken to permit a redemption or exchange of units by a unitholder, allocation of fund-level capital gains may be permitted pursuant to the Declaration of Trust. Any such designations will reduce the redemption or exchange price otherwise payable to the unitholder. Certain rules in the Tax Act may limit a Fund's ability to claim a deduction in computing its income for amounts of capital gains that are allocated to redeeming or exchanging unitholders. In particular, in the case of a Fund that only offers Mutual Fund Series units, a taxable capital gain in respect of an amount so allocated and designated to a redeeming unitholder will only be deductible to the Fund to the extent of half of the amount of the gain that would otherwise be realized by the unitholder on the redemption of the units (the "Mutual Fund Series limit"). In the case of a Fund that offers only ETF Series units, amounts of taxable capital gains so allocated and designated to redeeming or exchanging unitholders of the Fund generally will be deductible to the Fund to the extent of the redeeming or exchanging unitholders' *pro rata* share (as determined for this purpose under the Tax Act) of the net taxable capital gains of the Fund for the year (the "ETF Series limit"). Where a Fund issues both Mutual Fund Series units and ETF Series units, the deductible amount in respect of a taxable capital gain so allocated and designated to redeeming or exchanging unitholders of the Fund will generally be determined, in the case of a Mutual Fund Series unitholder, pursuant to the Mutual Fund Series limit, and in the case of an ETF Series unitholder, pursuant to the ETF Series limit, in each case, to the extent of the portion of the net taxable capital gain that is referable to the Mutual Fund Series units or the ETF Series units, respectively, of the Fund. Collectively, these restrictions are referred to as the "ATR Rule". Any taxable capital gains that are not deductible by a Fund under the ATR Rule may be made payable to non-redeeming or exchanging unitholders of the Fund so that the Fund will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming or exchanging unitholders of a Fund may be greater than would have been the case in the absence of the ATR Rule.

General risks of investing in Exchange Traded Series

Additional risks associated with an investment in Exchange Traded Series units of the Fund include:

Absence of an active market for Exchange Traded Series units risk

The Exchange Traded Series units of the Fund will be units of newly organized exchange-traded series with no previous operating history. There is no assurance that an active public market for the Exchange Traded Series units of the Fund will develop.

Halted trading of Exchange Traded Series units risk

Trading of Exchange Traded Series units on certain marketplaces may be halted by the activation of individual or market-wide "circuit breakers" (which halt trading for a specific period of time when the price of a particular security or overall market prices decline or increase by a specified percentage). In the case of the TSX, trading of Exchange Traded Series units may also be halted if: (i) the Exchange Traded Series units are delisted from the TSX without first being listed on another exchange; or (ii) TSX officials determine that such action is appropriate in the interest of a fair and orderly market or to protect unitholders.

Trading price of Exchange Traded Series units risk

Exchange Traded Series units may trade in the market at a premium or discount to the net asset value per unit. There can be no assurance that Exchange Traded Series units will trade at prices that reflect their net asset value per unit. The trading price of Exchange Traded Series units will fluctuate in accordance with changes in the Fund's net asset value, as well as market supply and demand on the TSX (or such other exchange or marketplace on which Exchange Traded Series units of the Fund may be traded from time to time). However, as Designated Brokers and ETF

Dealers subscribe for and exchange Prescribed Number of Units (as defined below) at the net asset value per unit, large discounts or premiums to net asset value should not be sustained.

Specific risks of investing in the Fund

The following specific risk factors apply to the Fund. These risk factors are also listed in the individual fund description for the Fund under the heading "*What are the risks of investing in the Fund?*"

Asset allocation risk

The Fund uses a "fund-of-fund" structure to allocate its assets among its underlying funds. Asset allocation is an investment strategy that aims to optimally apportion a portfolio's assets. The Fund is subject to risks related to a portfolio advisor's allocation choices. There is no guarantee that the Fund will be able to successfully allocate its assets. Similarly, there is no guarantee against losses that may result from those allocation decisions.

Commodity risk

The Fund may invest directly or indirectly in commodities such as gold or silver. The net asset value of the Fund will be affected by changes in the price of the applicable commodity, which may occur as a result of a number of factors, including supply and demand, speculation, central bank and international monetary activities, political or economic instability and changes in interest rates. The price of commodities may fluctuate significantly over a short period of time causing volatility in the Fund's net asset value.

Distressed company risk

The Fund's investments in securities of distressed companies may be subject to greater levels of credit, issuer and liquidity risk than a PIMCO Canada Fund that does not invest in such securities. Securities of distressed companies include both debt and equity securities. Debt securities of distressed companies are considered predominately speculative with respect to the issuer's continuing ability to make principal and interest payments. Issuers of distressed company securities may also be involved in restructurings or bankruptcy proceedings that may not be successful. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce the Fund's ability to sell these securities (liquidity risk). If the issuer of a debt security is in default with respect to interest or principal payments, the Fund may lose its entire investment.

Equity risk

Equity securities represent an ownership interest, or the right to acquire an ownership interest, in an issuer. Equity securities also include, among other things, preferred stocks, convertible stocks and warrants. The values of equity securities, such as common stocks and preferred stocks, may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labour shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater price volatility than fixed income securities.

High yield risk

Funds that invest in high yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") may be subject to greater levels of credit and liquidity risk than funds that do not invest in such securities. These securities are considered predominately speculative with respect to the issuer's continuing ability to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce the Fund's ability to sell these securities at an advantageous time or price. An economic downturn would generally lead to a higher non-payment rate and a high yield security may lose significant market value before a default occurs. High yield securities structured as zero-coupon bonds or pay-in-kind securities tend to be especially volatile as they are particularly sensitive to downward pricing pressures from rising interest rates or widening spreads and may require the Fund to make taxable distributions of imputed income without receiving the actual cash currency. Issuers of high yield securities may have the right to "call" or redeem the issue prior to maturity, which may result in the Fund having to reinvest the proceeds in other high yield securities or similar instruments that may pay lower interest rates. The Fund may also be subject to greater levels of liquidity risk than funds that do not invest in high yield securities. In addition, any high yield securities in which the Fund invests may not be listed on any exchange and a secondary market for such securities may be comparatively illiquid relative to markets for other more liquid fixed income securities. Consequently, transactions in high yield securities may involve greater costs than transactions in more actively traded securities. A lack of publicly available information, irregular trading activity and wide bid/ask spreads among other factors, may, in certain circumstances, make high yield debt more difficult to sell at an advantageous time or price than other types of securities or instruments. These factors may result in the Fund being unable to realize full value for these securities and/or may result in the Fund not receiving the proceeds from a sale of a high yield security for an extended period after such sale, each of which could result in losses to the Fund. Because of the risks involved in investing in high yield securities, an investment in the Fund that invests in such securities should be considered speculative.

Indexing risk

Certain funds, including certain ETFs, use a variety of indexing strategies or have exposure to underlying funds that use indexing strategies. Indexing strategies involve tracking the performance of the index by tracking the performance of the investments included in the index. There is a risk that the fund or ETF's performance may not track the performance of the index it is designed to track because, unlike the index, the fund or ETF incurs administrative expenses and transaction costs in trading securities. In addition, the timing and magnitude of cash inflows and outflows from and to investors buying and redeeming shares in the fund or ETF could create cash balances that cause the fund or ETF's performance to deviate from the index (which remains "fully invested" at all times). Finally, performance of a fund or ETF and the index it is designed to track also may diverge because the composition of the index and the securities held by the fund or ETF may occasionally differ.

Also, a fund or ETF, in tracking the performance of the index, may have more of its assets concentrated in one or more issuers than would ordinarily be permitted by a mutual fund. In addition, prices of securities on an index tend to move together. Such concentration means that the fund or ETF may be more volatile than a more diversified fund. Finally, if required to follow an index, a fund or ETF must continue to invest in the securities of the index, regardless of the performance of the index, so the fund or ETF cannot reduce risk by investing in securities on another index.

Infrastructure risk

To the extent the Fund invests in infrastructure entities, projects and assets, the Fund may be sensitive to adverse economic, regulatory, political or other developments. Infrastructure entities may be subject to a variety of events that adversely affect their business or operations, including service interruption due to environmental damage, operational issues, access to and the cost of obtaining capital, and regulation by various governmental authorities. There are substantial differences between regulatory practices and policies in various jurisdictions, and any given regulatory authority may take actions that affect the regulation of instruments or assets in which the Fund invests, or the issuers of such instruments, in ways that are unforeseeable. Infrastructure entities, projects and assets may be subject to changes in government regulation of rates charged to customers, government budgetary constraints, the imposition of tariffs and tax laws, and other regulatory policies. Additional factors that may affect the operations of infrastructure entities, projects and assets include innovations in technology that affect the way a company delivers a product or service, significant changes in the use or demand for infrastructure assets, terrorist acts or political actions, and general changes in market sentiment towards infrastructure assets. The Fund may invest in entities and assets that may share common characteristics, are often subject to similar business risks and regulatory burdens, and whose instruments may react similarly to various events that are unforeseeable.

Issuer risk

The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services, as well as the historical and prospective earnings of the issuer and the value of its assets.

Liquidity risk

Liquidity is a measure of how quickly an investment can be sold for cash at a fair market price. If the Fund can't sell an investment quickly, it may lose money or make a lower profit, especially if it has to meet a large number of redemption requests. In general, investments in smaller companies, smaller markets or certain sectors of the economy tend to be less liquid than other types of investments. The less liquid an investment, the more its value tends to fluctuate.

Liquidity risk exists when particular investments are difficult to purchase or sell. Illiquid securities are securities that cannot be readily disposed of through market facilities on which public quotations in common use are widely available at an amount that at least approximately the value at which the Fund has valued the securities or which are otherwise subject to legal or contractual restrictions on resale. The Fund's investments in illiquid securities may reduce the returns of the Fund because it may be unable to sell the illiquid securities at an advantageous time or price. Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. In such cases, the Fund, due to limitations on investments in illiquid securities and the difficulty in purchasing and selling such securities or instruments, may be unable to achieve its desired level of exposure to a certain sector. To the extent that the Fund's principal investment strategies involve foreign (non-Canadian or U.S.) securities, derivatives or securities with substantial market and/or credit risk, the Fund will tend to have the greatest exposure to liquidity risk.

The Fund may invest up to 10% of its net assets in illiquid securities. Certain illiquid securities may require pricing at fair value. A portfolio manager may be subject to significant delays in disposing of illiquid securities, and transactions in illiquid securities may entail prospectus expenses and other transaction costs that are higher than those for transactions in liquid securities. Restricted securities, i.e., securities subject to legal or contractual restrictions on resale, may be illiquid.

Real estate risk

If the Fund invests in real estate-linked derivative instruments is subject to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. An investment in a real estate-linked derivative instrument that is linked to the value of a real estate investment trust ("REIT") is subject to additional risks, such as poor performance by the manager of the REIT, adverse changes to the tax laws or failure by the REIT to qualify as a real estate investment trust for purposes of the Tax Act or qualify for tax-free pass-through of income under the U.S. tax laws. In addition, some REITs have limited diversification because they invest in a limited number of properties, a narrow geographic area, or a single type of property. Also, the organizational documents of a REIT may contain provisions that make changes in control of the REIT difficult and time-consuming.

Small-cap and mid-cap company risk

Investments in securities issued by small-capitalization and mid-capitalization companies involve greater risk than investments in large-capitalization companies. The value of securities issued by small- and mid-cap companies may go up or down, sometimes rapidly and unpredictably, due to narrower markets and more limited managerial and financial resources than large cap companies.

The Fund's investments in small- and mid-cap companies may increase the volatility of the Fund's portfolio.

Underlying exchange traded funds risk

An investment in index ETFs might not exactly replicate the performance of the applicable index due to transaction costs, taxes, or temporary unavailability of certain securities or instruments in the secondary market. These index ETFs are subject to indexing risk. Certain ETFs track an underlying index that is one or a combination of futures contracts for delivery at some point in the future. These ETFs are subject to derivatives risk. ETFs that gain exposure to physical commodities (e.g., gold or silver) are subject to risks of loss, damage or credit risk of the counterparties and/or vendors of the physical commodity. ETFs may also be subject to currency risk. ETF securities may trade below, at, or above their respective net asset values per unit. The trading prices of the ETF securities will fluctuate in accordance with changes in the applicable ETF's net asset value per unit, as well as market supply and demand on the respective stock exchanges.

Investment risk classification methodology

The methodology used by PIMCO Canada to determine the risk rating of the Fund is the methodology required by the Canadian securities regulators. The investment risk level of the Fund is required to be determined in accordance with a standardized risk classification methodology that is based on the Fund's historical volatility as measured by the 10-year standard deviation of the returns of the Fund. However, other types of risk, both measurable and non-measurable, may exist. It is also important to note that the Fund's historical volatility may not be indicative of its future volatility.

This section will help you decide whether the Fund is right for you. This information is only a guide. When you are choosing investments, you should consider your whole portfolio, your investment objectives and your risk tolerance level.

Using this methodology, the Fund is assigned an investment risk level based on the Fund's historical 10-year standard deviation in one of the following categories:

- Low
- Low to Medium
- Medium
- Medium to High
- High

Since the Fund does not have at least 10 years of performance history, the standard deviation of the Fund will be calculated using the return history of a reference index that reasonably approximates the standard deviation of the Fund. The performance history of the Fund is calculated using the following reference index:

Fund	Reference Index
PIMCO Managed Balanced Portfolio	45% MSCI ACWI ex Canada Index, 15% S&P/TSX Capped Composite Index, 40% Bloomberg Barclays Global Aggregate Bond Index (CAD-Hedged).

Benchmark Definitions

The **Bloomberg Barclays Global Aggregate Bond Index (CAD Hedged)** is a flagship measure of global investment grade debt. This benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

The **MSCI ACWI ex Canada Index** captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries (excluding Canada) and 24 Emerging Markets (EM) countries. With 2,428 constituents, the index covers approximately 85% of the global equity opportunity set outside Canada.

The **S&P/TSX Capped Composite Index** imposes capped weights of 10% on all of the constituents included in the S&P/TSX Composite Index, the headline index for the Canadian equity market.

The investment risk level of the Fund is reviewed at least annually.

Details about the standardized risk methodology that PIMCO Canada uses to identify the investment risk level of the Fund is available on request, at no cost, by calling us toll-free at 1-877-506-8126 (416-506-8187 in Toronto) or writing to us at PIMCO Canada Corp., Commerce Court West, 199 Bay Street, Suite 2050, Commerce Court Station, PO Box 363, Toronto, Ontario M5L 1G2.

This section is meant as a general guide only. For advice about your portfolio, you should consult your registered representative.

PIMCO Managed Balanced Portfolio

Fund Details

Fund type	Global Neutral Balanced
Qualified investment for registered plans?	Yes
Portfolio adviser	PIMCO Canada
Sub-adviser	PIMCO

What does the Fund invest in?

Investment objectives

The investment objective of the Fund is to achieve maximum total return, consistent with preservation of capital and prudent investment management. The Fund invests primarily in securities of other mutual funds and ETFs (called the *underlying funds*), including those managed by PIMCO Canada, that provide exposure to a diversified portfolio of global equity and fixed income securities.

Any change to the fundamental investment objective must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment strategies

It is expected that the Fund will invest all or substantially all of its net assets in securities of the underlying funds. The equity portion will include ETFs that offer exposure to North American, international developed and emerging market equities. The fixed income portion will include underlying funds managed by PIMCO Canada that offer exposure to a wide variety of fixed income securities, including Canadian and global investment grade fixed income securities, high yield securities and floating rate debt instruments.

In order to achieve its investment objective, the Fund generally follows a neutral mix guideline of approximately 60% global equity securities and approximately 40% global fixed income securities. Based on active portfolio positioning and market activity, the Fund's portfolio may deviate from its neutral mix.

In addition to investing through underlying funds, the Fund may also invest directly in equity securities, Fixed Income Instruments, derivatives (such as options, futures contracts, forwards and swaps), or other assets in order to achieve its objectives.

When the Fund uses derivatives for purposes other than hedging, it holds enough cash or money market instruments to fully cover its positions, as required by securities rules.

The Fund has obtained an exemption from the Canadian securities regulators to permit the Fund to use certain additional types of securities to cover certain specified derivative positions. See "*Investment restrictions and practices – Derivatives*" for additional information concerning this exemption.

Securities lending, repurchase transactions and reverse repurchase transactions may be used in conjunction with the Fund's other investment strategies in a manner considered most appropriate to achieve the Fund's investment objectives and to enhance the Fund's returns. For a description and the limits of the Fund's investments in these transactions and how the Fund manages the risks associated with these transactions, see the discussion under "*Investment restrictions and practices – Securities lending, repurchase agreements and reverse repurchase agreements*".

The Fund may choose to deviate from its investment objectives by temporarily investing most or all of its assets in cash or fixed income securities during periods of market downturn or for other reasons.

Distribution rights

Each year, the Fund intends to distribute a sufficient amount of its net income and net realized capital gains for the year to unitholders so that the Fund will not be liable for ordinary income tax. To the extent that the Fund has not otherwise distributed a sufficient amount of its net income or net realized capital gains, an additional distribution will be paid to unitholders at the end of the year and that distribution will be automatically reinvested in additional units. Immediately following such reinvestment, the number of units outstanding will be consolidated so that the net asset value per unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid.

Mutual Fund Series: The Fund declares and distributes quarterly any net income and annually net realized capital gains. The Fund may also make other distributions out of the net income, net realized capital gains or capital of the Fund at such times as determined by the Manager in its sole discretion. Distributions will always be reinvested in additional units of the Fund unless you notify us that you want to receive cash distributions.

Exchange Traded Series: The Fund distributes quarterly any net income and annually net realized capital gains. The Fund may also make other distributions out of the net income, net realized capital gains or capital of the Fund at such times as determined by the Manager in its sole discretion. Any distributions will be made in cash. A unitholder that subscribes for ETF Series units during the period that is one business day before a distribution record date until that distribution record date will not be entitled to receive the applicable distribution in respect of those units.

Name, formation and history of the Fund

Full name of the Fund:	PIMCO Managed Balanced Portfolio
Type of securities:	Units of a mutual fund trust
Formation date:	January 2, 2026
Series start dates:	Series A units: January 26, 2026 Series F units: January 26, 2026 ETF Series units: January 26, 2026

What are the risks of investing in the Fund?

In addition to the risks described under "*General risks of investing in the Fund*", the additional principal risks of investing in the Fund are:

- asset allocation risk
- commodity risk
- distressed company risk
- equity risk
- high yield risk
- indexing risk
- infrastructure risk
- issuer risk
- liquidity risk
- real estate risk
- small-cap and mid-cap company risk
- underlying exchange traded funds risk

You will find details about each risk under "*Risk factors – Specific risks of investing in the Fund*".

We have assigned a risk rating of low to medium to this Fund. Please see "*Investment risk classification methodology*" for a description of how we determine the level of investor risk tolerance.

PIMCO Managed Balanced Portfolio

Simplified Prospectus

You can find additional information about the Fund in its fund facts or its ETF facts, as applicable, its most recently filed annual and interim financial statements and its most recently filed annual and interim management reports of fund performance. These documents are incorporated by reference into this simplified prospectus. That means they legally form part of this document just as if they were printed in it.

You can get a copy of the Fund's fund facts, ETF facts, financial statements and management reports of fund performance at no charge, by calling toll-free 1-877-506-8126 (416-506-8187 in Toronto), by asking your dealer or by submitting an inquiry form through the PIMCO Canada contact portal available at www.pimco.ca. These documents and other information about the Fund, such as information circulars and material contracts, are also available on the Fund's designated website at www.pimco.ca or at www.sedarplus.com.

Unless otherwise indicated herein, information about the Fund which may otherwise be obtained on PIMCO Canada's website is not, and shall not be deemed to be, incorporated by reference in this simplified prospectus.

PIMCO Canada Corp.
Commerce Court West
199 Bay Street, Suite 2050
Toronto, Ontario M5L 1G2